

--Discussion Draft--

**The Changing Nature of Federalism in Education:
A Paradox and Some Unanswered Questions**

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Paper prepared for The States' Impact on Federal Education Policy invitational conference,
Washington D.C. May 9, 2008.

Beginning with Alexander Hamilton's *Federalist #31*, commentators have long sought to specify an appropriate division of responsibility and authority between the federal government and the states. However, as the policy roles of both have grown over the past 40 years, their relationship has rarely been defined independently of specific policies and the institutions and interests that develop around those policies.¹ Consequently, federal-state relations continue to be defined instrumentally and to be dynamic, differing over time and policy domain.

The shifting nature of the federal-state relationship has been depicted by a series of metaphors ranging from the nineteenth-century notion of dual federalism and its "layer cake" analogy through the "marble cake" of cooperative federalism and the "picket fence" metaphor of the 1960s with its emphasis on federal-state relationships unique to each policy domain.² Another older metaphor that continues to have currency in discussions of federalism is the notion of grants-in-aid as giving the federal government the opportunity to bargain with states, rather than providing a tool for ensuring their compliance in implementing federal policy goals (Ingram, 1977). More recent metaphors include the notion of "borrowing strength" (Manna, 2006a) with the federal government and states leveraging each other's license and capacity to advance their own policy initiatives. The concept of "fragmented centralization" (Meyer, 1979) originally referred to the array of federal categorical programs administered by separate units within states and local school districts, but the metaphor still describes current features of federalism even as federal and state policies have become more coherent and integrated with each other.

In this paper, I draw on these contemporary concepts and metaphors in assessing the current status of federalism in education policy. I first examine how it has developed and changed; then briefly discuss several characteristics that define the federal-state relationship today; and finally, suggest some unanswered questions that might constitute a future research agenda. Because the paper examines federalism in education policy from a political-institutional perspective, it does not address other aspects

¹In his essay on states in the federalist system, Epstein (1978) made this point 30 years ago, arguing that: "Most writers on American federalism have preferences about how powerful state governments should be in relation to national authority. Now as always these preferences mingle with interests whose representatives perceive their substantive policy goals as more readily achieved at one level of government than another. It is hardly realistic to analyze federal relations without an awareness of the political interests seeking to influence the distribution of governmental powers" (p. 325).

²The notion of layer cake or dual federalism was based on Hamilton's ideas outlined in *Federalist Paper, No. 31*. Each level of government was to be independent of the others in its responsibilities and resources. Later students of federalism, such as Grodzins (1966), emphasized a cooperative federal model with responsibilities shared among governmental levels. Hence the metaphor of the marble cake. Another viewpoint, expressed by former North Carolina governor Terry Sanford (1967), characterized intergovernmental relations as a picket fence. In any given program, levels of government are linked vertically and function as one picket. However, the horizontal cross slats connecting individual programs are considerably weaker and thus, cross-program oversight and management at each governmental level are ineffective.

of the topic such as fiscal federalism.³

The Trajectory of Federal and State Education Policy

One way to chart the course of the federal-state relationship is to focus on the evolution of the federal role generally (Kaestle, 2007; Cross, 2004) and on the history of specific federal policies such as the Elementary and Secondary Education Act (ESEA) (Manna, 2006a; McDonnell, 2005; Jennings, 2001). Similarly, the evolution of that relationship is also evident by examining the expansion of the state role beginning in the 1980s and continuing to the present with the standards and accountability movement (Goertz, 2007; McDermott, 2007a, 2007b). What is clear from such analyses is that, despite continuing disagreements between the two levels, the policy histories of the federal government and the states have passed through similar institutional phases, and that over time, their policy goals have converged.

Parallel institutional histories. In his 1991 review article, James traces the institutional evolution of the federal and state roles since the early days of the Republic, and identifies three successive phases of policy development: the constitutive, administrative, and regulatory states. In the initial phase, state authority--broadly defined as actions of both the federal government and the states--enabled the spread of the common school movement. Beginning with the Northwest Ordinance of 1787, the federal government provided new states with land grants to support common schools, while the constitutions of newly emerging states signaled the centrality of an adequate school system to stable government. As James notes, these constitutional provisions were largely hortatory because state authority lacked sufficient capacity to enforce them. Nevertheless, local communities responded with the raising of common schools. Education was recognized as a public good, and the institutional basis of public schooling was established.

During the Progressive Era, state authority was strengthened through compulsory schooling laws and district consolidations. However, these state initiatives established administrative structures that supported the growing professionalization and bureaucratization of local districts, but they did not represent continuing regulation.⁴ The federal role, during this period and extending into the 1950s, was to gather information about schools and to enact legislation that buttressed the capacity of states and local communities to educate their citizens. At the elementary and secondary levels, these policies included

³For analyses of the allocational effects of federal and state grants, see: Gordon, 2007; Wong, 1999.

⁴James describes the administrative state as "law and policy...framed on the assumption that the school was functioning properly once it had been set up along administrative lines at the local level. In this way, schools were locally controlled, but in educational governance they were treated, once they had been bureaucratized, as if they were within the ambit of the state, which indeed they were in much more than the diffusely symbolic sense that they had been in the past" (p. 184).

support of vocational education since World War I and the post-Sputnik promotion of mathematics and science education; at the post-secondary level, they included the Morrill Land Grant Act passed during the Civil War and the G.I. Bill enacted at the end of World War II. As James notes, "all of these laws channeled dollars from the federal government to individuals, states, institutions, and local jurisdictions, but none of them regulated to any extent the activity that took place at the local level. Essentially, the laws assumed that states and their dependent jurisdictions would create the administrative structures necessary to carry out the spirit of the law" (p. 186).

In summarizing a large body of historical research, James traces the emergence of the regulatory state to the 1954 Supreme Court decision in *Brown v. Board of Education*, the passage of federal categorical programs beginning with ESEA, and to subsequent state court decisions on education finance that had their legislative resolution in the move away from locally-controlled financing of schools. "In contrast to earlier forms of statecraft, which provided general goals and formal administrative structures for schools, regulatory action specified activity and demanded precise measure of outcomes" (p. 187). This demand for outcome measures is most evident in the state education reforms undertaken, beginning in the mid-1980s, that mandated course requirements for high school graduation, certification standards for teachers, and the administration of standardized tests to students. Subsequently, the advent of the standards and accountability movement in states and its later embodiment in major federal education policies increased state and federal control, and moved their influence closer to the instructional core of local schools.

The regulatory phase that James documented almost two decades ago continues today. It has become a policy regime maintained by a set of well-established institutional dynamics that have strengthened the regulatory capacity of the federal and state governments while also fragmenting their influence. Because the federal government's programmatic role in education has largely been as a regulated funding stream, it has relied on states to implement its policies. In exchange, the federal government became, beginning with the passage of ESEA in 1965, a primary funder of state education agencies (SEAs), thus enabling them to develop as bureaucratic entities. By 1980, federal program administration within SEAs mirrored, unit for unit, the structure of the United States Office of Education (now the U.S. Department of Education), and was organizationally isolated from the general education program administered with state funds (McDonnell and McLaughlin, 1982). As states began to play more of a role in defining what students should be taught and federal policies were grounded in notions of standards and accountability, the sharp distinction between federal and state program administration lessened within SEAs. Nevertheless, these agencies remain heavily dependent on federal funding, and

continue to be organized around segmented, special purpose units (Manna, 2006; Wirt and Kirst, 2005).

However, the bureaucratic agencies that administer the regulatory state are not the only institutions--nor even the most influential--shaping federal-state relations in education policy. Although federal funding and the policies that accompany it have been channeled through SEAs and their administrative heads, chief state school officers (CSSOs), three other institutions share responsibility and authority for education in most states: the governor, state legislature, and state board of education.

Over the past 20 years, governors have emerged as preeminent actors in education policy. As Wirt and Kirst (2005) note, "despite Washington's greatly enlarged role, perhaps the most striking change in education governance in recent decades has been the growth of centralized state control and the ascendance of governors over school policy in most states" (p. 45). The motivation for governors' involvement has been well documented: their framing of a strong connection between improved educational quality and economic development, especially in Southern states; a desire for greater accountability over the increasing state share of public education expenditures; and their general discontent with SEAs' fiscal and administrative autonomy as a result of federal funding (Manna, 2006a; Wirt and Kirst, 2005, Fusarelli, 2002, 2005). At the state level, one result of gubernatorial policy activism has been a move to concentrate greater responsibility for educational governance through their appointment of state board members (in 33 states) and more recently, through legislation to curb the authority of state boards and link control of the SEA more directly to the governor and state legislature (McNeil, 2008).

As governors have sought to expand and consolidate their influence over education policy within their own states, they and other state policy actors have also played a more substantial role in the shaping of federal education policy. In fact, the recent history of the federal-state relationship strongly suggests that No Child Left Behind (NCLB) was only possible because of profound changes in the state policy role over the past 20 years, and that NCLB's development tells us as much about the depth of change in state policy as it does about any alteration in the federal role (McDonnell, 2005). In his analysis of the origins of NCLB, Manna (2006a) focuses on policy changes in the federalist system, and develops the concept of *borrowing strength*. It "occurs when policy entrepreneurs⁵ at one level of government attempt to push their agendas by leveraging the justification and capabilities that other governments elsewhere in the

⁵Policy entrepreneurs are "advocates who are willing to invest their resources--time, energy, reputation, money--to promote a position in return for anticipated future gain in the form of material, purposive, or solidary benefits" (Kingdon, 1995, p. 179). Policy entrepreneurs can occupy a variety of formal and informal policymaking roles, but the more effective ones typically have a claim to a public hearing, are known for their political connections or negotiating skills, and are persistent (Kingdon, 1995, pp. 180-181).

federal system possess" (p. 5). Manna argues that the passage of NCLB was possible because state governments had earlier enacted reforms organized around standards and assessments. Policy entrepreneurs promoting NCLB could mobilize around the *license* or arguments states had already made to justify the involvement of higher levels of government in classroom processes and outcomes, and around the *capacity* or resources and administrative structures that state reforms had created. Manna notes that although federal officials were able to borrow strength from the states in the case of NCLB, the process can also work in the other direction. For example, state officials may take advantage of the license provided by a president using the bully pulpit to advance reform arguments as a point of leverage in promoting their own policy agenda (p. 15).⁶

The broadening of governmental institutions involved in federal and state education policy has also been mirrored in a widening circle of organizations outside government seeking to advance their interests through education policy. Major social policies create networks of vested interests that benefit from a policy and that seek to maintain it in a form advantageous to their position. The major federal categorical programs, ESEA and the Individuals with Disabilities Education Act (IDEA) are no exception, with relevant groups operating at both the national and state levels. By 1980, ESEA had developed a well-defined constituency supporting its focus on disadvantaged students. Its defenders included groups representing low-income students, their parents, and the professionals who work with them (Peterson and Rabe, 1983; McDonnell and McLaughlin, 1982). The interest group networks supporting IDEA were even more robust because parent groups at the national, state, and local levels are better organized and more influential than has been the case with ESEA, and these parent groups have often functioned as counterweights to organizations representing professional educators (Itkonen, 2007).

Over the past two decades, however, the network of groups with an interest in education policy has increased in number and broadened in type beyond those with a long-standing focus on federal categorical programs.⁷ The reasons for this expansion are varied--e.g., the perceived relationship between

⁶In developing the notion of borrowing strength, Manna conceptualizes findings from several other strands of research. For example, he notes that in their analysis of state-local relationships, Fuhrman and Elmore (1990) countered the claim that influence in the federalist system is zero-sum, with one governmental level's increase in influence coming at the expense of another. Rather, they found that entrepreneurial local school districts can use state policies as leverage to promote their own priorities through much the same process as Manna's notion of borrowing strength. His analysis of federal agenda-setting with its caution that neither a solely top-down nor bottom-up perspective is sufficient also complements the forward- and backward-mapping strategies derived from decades of implementation research on the relationship between inadequate federal capacity and state and local policy.

⁷In 1980, the *Encyclopedia of Associations* listed 976 groups focused on education, by 1995, that number had increased by a third to 1312 (Baumgartner and Leech, 1998, p. 103).

U.S. economic productivity and educational quality, the schools as a focal point for debates over societal values, and the widening scope of education policy and the role of private providers in implementing those policies. Consequently, Kaestle (2007) could enumerate ten different categories of organizations involved in education policy, ranging from ones traditionally considered part of the education establishment to think tanks, foundations, and for-profit firms. Many of these organizations operate at the national and state levels, and part of their strategies is to assess which institutional venues (the executive, legislative, or judicial branches) and which governmental levels are likely to be the most favorable to their interests. Thus the federalist system multiplies the points of access for interest groups, and in being strategic in their choice of venues, these groups then help perpetuate the institutional fragmentation of the system.

Converging policy goals. Although the ambiguity of ESEA's initial legislative mandate resulted in services not being targeted solely on underachieving students living in poor areas, successive reauthorizations between 1965 and 1980 specified more precisely the congressional intent that Title I assist educationally disadvantaged students from low-income families (Jennings, 2001; Graham, 1984; Murphy, 1971). So by the time it had become a mature policy, the largest federal education program was clearly intended to promote social equity goals. That priority, however, was not reflected in state programs.

After studying state-level implementation of education policies in four states, McDonnell and McLaughlin concluded in 1982 that, with the exception of students with disabilities, "programs for special needs students are generally not a state priority" (p. vi). They went on the note that governors and state legislators did not actively support federal policy goals and that state politicians were judged by the electorate on their stewardship of the general education program, not their support of social equity goals or how effectively students with special needs were educated.⁸ When ESEA was first enacted, only three states (California, Massachusetts, and New York) had passed legislation specifically targeted on educationally disadvantaged students, and these programs funded only small pilot projects (Murphy,

⁸The situation for students with disabilities was different for several reasons. Although states strengthened their programs in response to the federal legislation first enacted in 1975, eleven had articulated their commitment to students with disabilities in earlier laws and more were in the process of doing so, some in response to lawsuits. In addition, the federal policy differed from ESEA because of its rights-based framing and roots in several judicial decisions. Furthermore, in the early 1980s, the constituency for low-income students was stronger in Washington than in states and largely consisted of groups representing educators, while the interests of students with disabilities were represented in most states not just by professional groups, but also by those speaking on behalf of parents. Because these parent groups typically crossed social class and ethnic lines, they had greater political visibility in state capitals than those representing the Title I constituency (Melnick, 1995; McDonnell and McLaughlin, 1982).

1971). Even as more states began to allocate some of their own funds ostensibly to augment the education of low income students, the additional funding was typically a weighting factor in the state aid formula designed to achieve political rather than educational purposes (e.g., as part of a negotiated compromise between urban and rural interests in the state legislature). This lack of political will among elected officials was reinforced by the administrative structures implementing federal programs. As Kaestle and Smith (1982) indicate, having separate SEA and local district units responsible for administering federal programs "relieved the regular staff of the responsibility to ensure that their lowest scoring students would succeed...and placed no pressure on the regular structure to improve" (p. 400).

Several factors began to change state priorities by the mid-1980s, and led to what is now a convergence of federal and state policy goals. School finance lawsuits, filed in state courts beginning in the late 1970s, highlighted serious inequities in students' learning opportunities, and put the issue on legislative and gubernatorial agendas. A second factor--the framing of improved educational quality as essential to greater economic productivity-- helped move state policy in two distinct ways. First, business groups, recognizing that shifts in the demographic composition of students meant that the entry-level workforce would increasingly consist of those who had not been well served by schools, pressured state governments to do a better job of educating low-income students and students of color.

Second, the economic development rationale transformed efforts to help underachieving students from special categorical programs to ones integrated into strategies to improve education for all students. Policies to aid underachieving students were now less likely to be viewed as posing trade-offs between equity and excellence goals. The ideology justifying additional resources for students with special needs had shifted from one of redistribution to remedy the effects of past injustices to ensuring broad-based access to the tools necessary for economic self-sufficiency. The standards and accountability movement with its belief that "all students can learn to high standards" contributed to this reframing: in effect, stipulating that equity and excellence could both be advanced using the same strategy. Implicit in standards-based reform is an assumption that some students and schools will require additional supports to meet higher academic expectations, but that those expectations are universal ones. These assumptions have frequently failed the test of practice. As McDermott (2007b) concludes from her analysis of accountability policies in four states, recent standards and accountability policies once implemented have fallen short of their aspirations. Nevertheless, there is sufficient evidence to conclude that policymakers enacted such policies in the belief that they would make the educational system more equitable.

The argument that federal and state policy goals had converged by the late 1990s is not a claim that the states merely followed the federal government's lead in focusing greater attention on students at

an educational disadvantage. Rather, it is to suggest the political incentives changed for both governmental levels, and the result was the process of borrowing strength that made NCLB possible. Pressure from outside the education establishment to do more meant that elected state officials could no longer simply attend to the traditional education program through their funding decisions. The vehicle for their expanded policy activism was a set of ideas and strategies that gave state governments the justification to reach deeper into the instructional process in the name of universalistic goals.

A similar set of forces were working at the federal level. As Hess and McGuinn (2002) conclude, "education's potent marriage of opportunity and equality and its implicit emphasis on self-reliance made it a defining metaphor as the [political] parties wrestled with post-Great Society politics" (p. 90). The result was that successive reauthorizations of ESEA and IDEA moved these previously isolated categorical programs closer to the instructional core of local schools, and made them part of a larger school reform movement. However, because of their pre-eminence in education policy, the states had generally moved farther and more quickly along the standards and accountability path so that their policies became a source of license for the federal government's subsequent actions.

Summary. If we look historically at the developmental trajectory of U.S. education policy, the relationship between the federal government and the states is one of parallel institutional histories within a context of mutual dependence. Even though federal funding represents a small proportion of the total costs of public schooling, states have come to depend on federal resources not only to augment their own program budgets but also to build their administrative infrastructures. At the same time, the federal government depends on the states to implement its programs. Although those programs provide funding on the condition that states and localities meet certain regulatory requirements, in reality federal education policies function essentially as opportunities for the national government to bargain with the states. Even the implementation of NCLB, with its tighter regulations than past policies, has been characterized as much by persuasion and bargaining as by control (Manna, 2006b).

The move from constitutive and administrative institutions to regulatory ones, and the convergence of policy goals have resulted in greater centralization of authority and responsibility at the federal and state levels. However, as the next section outlines, the inherent nature of federalism and the multiplicity of interests that have developed around education policy have resulted in continued fragmentation amidst greater centralization.

Contemporary Federalism and the Paradox of "Fragmented Centralization."

When Meyer (1979) first coined the term "fragmented centralization," he was referring to an arrangement in which unrelated federal funding programs were processed through independent channels

within SEAs and local district central offices. The effect was to generate "a massive middle-level educational bureaucracy, poorly linked with the classroom world below, little integrated around broad educational policies or purposes, and organized around reporting to a fragmented wider funding and control environment" (p. 25). In many ways, the situation is much improved today. At the administrative level, application and reporting procedures for federal and state categorical programs have been consolidated and streamlined. More importantly, at the school level, the separate categorical pull-out programs of the 1970s have largely been replaced by instructional programs based on standards and assessments common to all students within a given state and local district.

Yet considerable fragmentation remains. It is evident in multiple aspects of education from significant resource disparities among states and localities to content and performance standards that vary substantially from state to state (Liu, 2008; Porter, et. al., 2008; NCES, 2007). Similarly, the role of state governments in education differs markedly, depending on their history and political culture. For example, Southern states, with their Reconstruction-era constitutions, have traditionally been more prescriptive toward local districts than New England or Western mountain states with their strong traditions of local control. Consequently, although federalism is often discussed in terms of a dichotomy between the federal government and a monolithic notion of states, variations in state policy and governance are as significant as contrasts between the federal and state levels. The system is fragmented vertically between the federal government and the states, across states, and as noted previously, among institutions within the same state. The roots of this persistent fragmentation, despite policy shifts toward greater coherence and integration, lie in the nature of institutional federalism.

Constitutional principles have placed education policy and governance on an historical path now well embedded in institutions that are difficult to alter. A number of interests, especially those advocating greater uniformity in educational opportunities, have pressed for more centralized policies. However, a maze of institutions, each with their own dynamics and reflecting localized interests, has worked against significant centralization. As Cohen and Spillane (1992) argue, reformers' ambitious attempts at strong policy have inevitably been implemented through a large and loosely jointed governance system: "While the design of American government incarnates a deep mistrust of state power, the design of most education policy expressed an abiding hope for the power of government and a wish to harness it to social problem-solving...The collisions between rapidly expanded policy-making and fragmented governance are a hallmark of U.S. education" (pp. 7, 11).

This paradox of growing centralization and continued fragmentation has manifested itself in a variety of ways in the contemporary context. Four are briefly discussed here. First, several decades of

top-down policies have resulted in only modest success in changing the institutional norms defining how classroom instruction occurs. Policymakers' frustration with their inability to design policies that effectively reach into the classroom to alter teaching and learning helps explain their growing reliance on high-stakes testing. Although the effects of externally-imposed assessments have not always been beneficial for students or what policymakers intended, they are the most powerful strategy currently available to federal and state policymakers. Consequently, even though state officials may complain about some aspects of NCLB, they are unlikely in the near future to abandon test-driven accountability as the core of their education policy strategies (for an analysis of the political future of educational accountability, see McDonnell, forthcoming).

A second effect of this paradox is that unless state and local institutions are fundamentally altered, future policy proposals aimed at greater coherence are unlikely to reduce fragmentation to any substantial degree. For example, a number of policy entrepreneurs have proposed various arrangements to move states away from content and performance standards unique to each toward more common ones (e.g, Finn, et. al., 2006). Regardless of the perceived advantages and disadvantages of specific proposals or the myriad forms common standards might take, it is reasonable to predict that they would still have a unique profile in each state. The multiple institutions and interests with authority and influence over standards approval and implementation vary sufficiently from state to state to ensure that what might begin as uniform policy will be substantially modified as it moves across state capitals and into individual classrooms.

A third feature represents a paradox within the larger one of fragmented centralization. Currently, two big ideas or theories about how to improve education dominate policy agendas: the centralizing assumptions underlying standards and accountability strategies and the decentralizing tenets embodied in approaches to school choice and competition. So even as major federal and state policies promote centralization, other initiatives seek to create the diversity embodied in market-based strategies. These two ideas are not necessarily at odds with each other. For example, marketized, supplemental services are part of the accountability regime in NCLB, and charter schools in some states are subject to the same standardized testing requirements as district schools. Nevertheless, school choice has created institutional arrangements and interests that are typically focused on narrow communities, and that are likely to press for limits on policies seeking greater uniformity across broad political jurisdictions.

Finally, cost-shifting from the federal and state levels to local districts is a defining characteristic of the current federalist system. Although it is not a direct effect of fragmented centralization, the downward push of fiscal, political, and opportunity costs has resulted from the federal government's and

the states' reliance on high-stakes testing to change instruction and learning outcomes. The theory behind standards-based reform certainly assumes that higher levels of government will exert pressure on local districts through their accountability systems. However, it also assumes that guidance will be offered through standards and accompanying curriculum, and that support will also be provided in the form of pedagogical and analytical tools to translate standards into effective classroom instruction. As Goertz (2007) notes, "rigorous standards require teachers to teach different content and to teach that content differently. Building teachers' knowledge and skills is a crucial component of the change process, and the theory of action underlying both standards-based reform and NCLB assumes that states and local school districts possess, or can develop, the capacity to assist school improvement efforts, to bring all students to proficiency, and to pay for these efforts" (p. 16).

However, pressure more than guidance or support has been the driver in the centralizing policies of the past two decades. To many policymakers, test-based accountability appears to be a low-cost strategy because they fail to factor in the costs of implementing the complete theory of standards-based reform, of which assessments are just one part. This seemingly low-cost strategy is particularly appealing in the face of resource constraints, and the federal government's and states' limited enforcement and programmatic capacity. The result has been increased costs for local districts, including additional supports for students and teachers, the diminishment of local priorities, and greater community pressure and competing demands. At the same time, one could argue that these costs, along with decreased local autonomy, are a reasonable exchange for states assuming a greater proportion of school funding.

Whether this shift is a fair trade or a Faustian bargain is still an open question. But it does illustrate that centralizing policies without an adequate institutional infrastructure are likely to fail both policymakers and those directly responsible for changing educators' behavior. Not only will achievement of centralized policy goals be less likely, but downward cost-shifting exacerbates fragmentation and geographic inequities when expectations about educational quality have become more uniform.

Unanswered Questions and Potential Research Agendas

This last section outlines three unanswered questions that emerge from the current state of federalism in education policy. They are necessarily selective, and are meant to suggest possible future research agendas with a political institutional focus. These questions fall into a realm of study that political scientists call *policy feedback*. It is based on Schattschneider's argument of more than 70 years ago that "new policies create a new politics" (1935, p. 288). One of the analytical purposes of policy feedback studies is to reverse the causal arrow of most research on the politics of public policy in which political variables are used to explain policy outcomes. Instead, policy feedback studies examine how

policies once enacted create political interests that mobilize and shape future policies (Pierson, 1993).⁹ As Hacker (2002) notes, "policies may alter administrative capacities, create incentives for group formation, teach specific lessons to policymakers, or give rise to widespread public expectations or vast networks of vested interests" (p. 53).

Education policy federalism over the past 40 years has likely generated all the effects that Hacker enumerates. However, these political outcomes have not been systematically investigated largely because research (and research funding) priorities have focused on the fiscal, administrative, and educational effects of individual policies and programs, rather than on the aggregate political effects of federalism and the ways that policy feedback shapes subsequent policies. Hence unanswered questions of the kind outlined below remain to be examined.

Is fragmented centralization inevitable? Consistent with Hacker's point that policies can alter administrative capacities, federal education policies and the states' own policy development have strengthened their capacity to enact and implement policies that reach deeper into individual schools and classrooms. This enhanced capacity has enabled the process of "borrowing strength" that led to NCLB's policy design, and it has centralized greater control at the federal and state levels. Nevertheless, fragmented centralization continues, albeit in a somewhat different form than 30 years ago. So the obvious question is whether such an arrangement is inevitable in the U. S. context.

At least two hypotheses speak to this question. The first starts with the premise that the current system is well embedded in constitutional principles, reinforced by policies such as that articulated in the U.S. Supreme Court's 1973 decision in *Rodriguez*. It assumes, barring a significant change in constitutional interpretation, that the current level of fragmentation is likely to continue. State autonomy, coupled with differing political cultures and histories, will sustain significant differences in administrative arrangements, instructional practices, and learning opportunities. However, some states may have the political will and administrative capacity to reduce intrastate fragmentation if they choose to do so.

The second hypothesis posits that fragmentation is not foundational or inevitable. Rather, the reason it persists is because the federal and state governments have enacted policies that have the (sometimes unintended) effect of centralizing control, but they do so with little attention to institutional design. They have made only limited investments in capacity building, and have focused mainly on establishing traditional bureaucratic structures and strengthening existing ones. So, for example, policy

⁹A second purpose of policy feedback research, not discussed in this paper, is to connect research on mass political behavior with more institutionally-focused policy studies (Mettler and Soss, 2004). This research strand examines how different types of policies create incentives and disincentives for individuals to mobilize and to work collectively,

initiatives ranging from the governors' "horse trade" of the 1990s to NCLB have had the articulated goal of specifying more uniform educational outcomes, while granting greater flexibility to schools in reaching these goals. However, without sufficient investment in institutional design and local capacity, the consequences have been continued fragmentation resulting from differential resources, downward cost-shifting, and local communities trying to meet centralized mandates as best they can.

Research to test these and similar hypotheses might be based on several different study designs. One would be to make systematic comparisons across states and types of policy instruments. For example, are there inferences about interstate fragmentation that can be drawn from how states vary internally in their relationships with local districts? Do differences in the degree of resource disparities and downward cost-shifting, or in dependence on localized as compared with regional instructional support units, make a difference to levels of intrastate fragmentation? Are there differences across types of policy instruments? For example, do regulatory mandates create greater or lesser incentives for fragmentation than inducement-based policies? What has been the effect of policies that bypass local districts and focus at the school-level, as compared with those that work through districts?

Alternatively, the question might be approached historically. One could examine the development of the federal-state role to determine if there were critical junctures¹⁰ in its history when different proposals or political dynamics might have led to policies that would either have established different institutional arrangements or have created incentives for more equal instructional capacity across states and localities. Examples of such critical junctures might include: decisions in the original ESEA legislation to allocate federal funds broadly rather than to concentrate them in jurisdictions with the greatest need, and to channel those funds through SEAs; the ruling in *Rodriguez* that substantial disparities in local spending between property-rich and property-poor districts did not violate the equal protection clause of the U.S. Constitution; and the compromise in the 1994 Improving America's Schools Act to make opportunity-to-learn standards voluntary for states. Although such an analysis would only produce grounded speculation, it might provide a systematic way to specify the necessary conditions for enacting policies that more carefully consider institutional design and that better integrate guidance and support strategies with those based on pressure.

How does the intergovernmental lobby shape federal education policy, and what factors explain how groups representing state and local policymakers define and advance their interests?

¹⁰"In social policy development, critical junctures represent moments of political opportunity when significant new policy departures may be put in place or when the forces for change are strong enough to cut into the ongoing path-dependent development of an existing policy and alter its trajectory" (Hacker, 2002, p. 59).

As noted previously, networks of vested interests have developed around federal education policies, and have become a defining characteristic of federalism in this domain. Among the most prominent is the array of intergovernmental organizations that represent state and local policymakers. These include the National Governors Association (NGA), National Conference of State Legislatures, Council of Chief State School Officers (CCSSO), National Association of State Boards of Education, Education Commission of the States, National School Boards Association, and the Council of Great City Schools. For much of the 40-year history of federal policy since the passage of ESEA, these organizations have been largely reactive, lobbying for more federal funding and functioning as veto groups to block legislative provisions not in their interest or to reshape them to their advantage.

Beginning with the Charlottesville summit between President G. H. W. Bush and the nation's governors in 1989, NGA began to take a more proactive stance. Bush had viewed the summit as an opportunity for the governors to share success stories and exchange ideas about education reform, while the governors and NGA staff viewed the meeting as a platform to develop a set of national education goals (Manna, 2006, pp. 80, 101-102). Since Charlottesville, the NGA, individual sitting governors, and several former governors (including two who later became president and two U.S. secretaries of education) have become policy entrepreneurs advancing education reform ideas on the national and state policy agendas. Sometimes their allies have been other intergovernmental interest groups, but often they have worked in coalitions with newer interests in the education policy arena (e.g., Achieve, the Business Roundtable, and foundations).

Although a few other groups have become more proactive in advancing new initiatives (e.g., CCSSO and the Council of Great City Schools on common standards), most organizations in the intergovernmental lobby have continued to focus their energy on obtaining additional federal funding and blocking substantive measures at odds with their interests. The obvious explanation for the difference between the NGA and its members and other organizations is that like presidents, governors command greater public visibility and can function more like unitary political actors than members of legislatures and school boards. With only 50 governors as members, it is easier for NGA to formulate unified, proactive positions than it is for intergovernmental organizations representing more diverse, localized interests. Governors have also found greater political advantage in leveraging federal policy as part of their in-state strategies to be "education governors."

Although this explanation is valid, it is incomplete because it tells us little about the other intergovernmental groups. Why, for example, have other organizations not found proactive reform strategies and "borrowing strength" to be in their interest? To what extent do reactive, veto group stances

by intergovernmental organizations contribute to continued fragmentation? What is the long-term effect of the kinds of federal and state policies promoted by NGA on the institutional status of other political institutions, such as local school boards?

These kinds of questions warrant systematic research on the intergovernmental lobby. Most of what we know about such organizations comes not from studying the groups as the unit of analysis, but rather as a by-product of research on specific policies such as NCLB. However, to move beyond analyses of separate policies and to understand the institutional dynamics of federalism, it is necessary to determine how the groups that sustain it have defined their interests and strategies over time. The shape that a new federal policy or a specific reauthorization of it takes is a product of bargaining among interest groups and members of Congress. Those bargains then accumulate over time, and become institutionalized. Understanding that process is key to identifying the conditions under which major policy and institutional changes are possible.

What kinds of politics will increased privatization create at the federal and state levels?

NCLB intensified a trend toward greater reliance on private sector organizations to provide a variety of educational goods and services, including textbooks, tests, tutoring, professional development, and school management (Henig, 2008). What is occurring in education mirrors other policy domains as government agencies outsource a growing number of activities they had previously performed but now fund contractors to do (Fessler and Kettl, 2005). The extent of privatization was probably not well recognized by the American public until the widespread use of contractors to perform military functions in the Iraq war became evident (Singer, 2005). Consequently, scholars have only recently focused on the politics of privatization. The existing research suggests that even outside the national security area, private provision of public benefits typically results in what Hacker (2002) calls a more "subterranean political process" than for public social programs. In examining the politics of public and private pensions and health insurance, he found that the policymaking process governing private provision is less publicly visible; the scope of conflict more restricted; and policy decisions less traceable to specific outcomes (p. 42).

Within education, the only sustained research on privatization has focused on vouchers and charter schools. Even as their stakes in education policies have grown, little research has been conducted on the political activities of private sector interests such as textbook and test publishers and supplemental service providers. There have been a few notable exceptions, but they have focused primarily on local, rather than national or state, politics. For example, in their study of market-oriented reforms in Philadelphia, Gold and her colleagues (2007) conclude that there has been a lack of transparency in

district decision-making and the awarding of school management contracts. In a generally positive assessment of the growth of alternative programs for training school leaders, including reliance on third-party providers, Elmore (2008) notes that knowledge about what to teach and how to teach it has become a proprietary good in these programs. Although it is only a working hypothesis at this point and not a solid conclusion, less transparency in decision-making and less public accountability are themes that emerge from research on privatization in other policy areas and from a limited number of studies in education.

Whether or not less transparency is found to be a consequence of privatization, researchers need to recognize that the growth of what Rowan (2002) calls the "school improvement industry" is likely to create its own set of political dynamics that may differ markedly from the past politics of federalism in education policy. Rowan argues that the school improvement industry is altering notions of educational change because those providing education are no longer "simply public and private schools, but also the very large number of for-profit organizations, membership-based organizations, and endowment-based organizations, providing information, materials, technical assistance, and new programs to these schools" (p. 306). Although the conceptual framework he proposes for studying this altered set of institutional arrangements is an organizational ecological one, it has implications for studying the politics of federalism.

Just as privatization is increasing the number and diversity of institutional arrangements, it is having a similar effect on the interest group environment. Not only are there more groups, but the basis of their political influence may differ. For example, organizations representing for-profit firms may depend more on campaign contributions, and less on the grassroots mobilization of constituents, a strategy often used by parent groups and those representing local elected officials. This new environment may also alter the sources and types of new policy ideas, who the most active and effective policy entrepreneurs are, and the rate at which federal and state policies change in significant ways. Finally, the politics of privatization may have implications for the degree of fragmentation in the federalist system. One assumption is that marketization will lead to increased choice in institutional providers and thus to greater fragmentation. But concentration in the testing industry suggests an alternative assumption. Although increased demand for standardized assessments has prompted some new entrants into the field, the testing market remains highly concentrated among a few firms who have moved to become full-service providers offering test development, administration, and scoring (Olson, 2004).

Most research on privatization in education will continue to focus on its normative assumptions and on its likely effects on schooling outcomes. Although these aspects should remain preeminent,

studies of the politics of privatization are also necessary for a full understanding of this increasingly critical dimension of public education. One essential part of such research should be the still unanswered question of whether privatization will significantly alter the nature of federalism.

Conclusions

An analysis of federalism in education policy could take a number of different perspectives. This paper avoided a normative approach, and did not attempt to specify what the division of responsibility and authority among governmental levels *should* be. Rather, it assumed that federalism has been defined instrumentally over the past 40 years, and will continue to be. It further assumed that the nature of federalism at any given time is a product of the institutions and interests that develop around federal and state policies, and that the policies themselves are the result of prior political dynamics. New policies emerge when groups and individuals whose interests are not adequately served by the status quo successfully advance novel ideas about educational goals and strategies. But institutions are more difficult to change than specific policies, so older institutional arrangements persist even as new ones emerge. The consequence for federalism in education during the past two decades has been the paradox of fragmented centralization: a myriad of institutions with differing interests and capabilities enduring and even increasing as policy has become more coherent and some authority more centralized. If this view of federalism is valid, then the challenge for researchers is to produce systematic analyses of these policy feedback cycles with the aim of better informing policymakers about how the institutional relationships embedded in federalism might be designed to enable more effective links between policy goals and organizational capacity.

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