RURAL TRUST
POLICY BRIEF SERIES ON
RURAL EDUCATION

Breaking the Fall:

Cushioning the Impact of Rural Declining Enrollment

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February 2006

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The Rural School and Community Trust (Rural Trust) is the leading national nonprofit organization addressing the crucial relationship between good schools and thriving rural communities. Working in some of the poorest, most challenging rural places, the Rural Trust involves young people in learning linked to their communities, improves the quality of teaching and school leadership, advocates for appropriate state educational policies, and addresses the critical issue of funding for rural schools.

Executive Summary

Persistent declining enrollment can cause significant challenges for schools and districts. When the enrollment decline is chronic, it generates serious financial distress because of the loss of per-pupil state revenue. This financial hemorrhage usually results in deeps cuts in programs, staff, and resources. Small rural schools are especially vulnerable to these problems, since they have proportionally less leeway in finding cost-saving areas. Eventually, declining enrollment can lead to their closure in spite of their value to rural communities and students.

This report highlights the role that state educational policies have in either magnifying the challenges of declining enrollment, or conversely, mitigating them. The report contains 20 policy recommendations, primarily focused on state funding formulas.

Though there is no silver bullet that will "fix" all problems associated with declining enrollment, these recommended state and local policies can accomplish two goals: (1) Buy time and give communities and economies time to rebound and/or adjust to population and revenue loss; and (2) Ensure that all students in communities with declining enrollment are offered an excellent education.

The report asserts that states and local communities must act to sustain and improve small rural schools with declining enrollment. There are always students "left behind" in these communities and they have the same rights to an equal educational opportunity as those who leave. Indeed, our society's obligation to educate is not dependent on demographic good fortune and cannot, and should not, be compromised by geography.

Below is a summary of the recommendations contained in this report.

State-Level Funding Policies (pages 7-10)

1. State funding formulas should include provisions that cushion the impact of declining enrollment, like the use of a rolling average or hold-harmless provision.

2. Every state should supplement state aid for small districts and/or schools based on enrollment and/or sparsity.

3. Supplemental aid for low enrollment should be determined and allocated on a school level.

4. Criteria for small school aid should be broad enough to cover all small, poor schools that cost more to operate because of low student enrollment.

5. Supplemental aid should be substantial enough to adequately cover additional costs associated with low student enrollment.

6. Supplemental aid should vary along a continuum of school sizes, with the smallest schools receiving the most additional aid, rather than setting artificial size categories.

7. States should avoid spending and levy caps, or eliminate them if they exist, so that local communities can fill gaps created by low enrollment if they so choose.

State-Level Facility Policies (page 10)

8. States should provide adequate financial support for facility projects (including renovation), so all districts, including those with low enrollment, have safe and effective facilities.

9. States should eliminate other existing policies that create barriers to maintaining small schools, like acreage and enrollment requirements.

State-Level Consolidation Policies (page 11)

10. States should not mandate school closure or consolidation, but should instead allow these options to remain a local decision.

11. States should not offer financial incentives for district or school consolidation.

State-Level Technology Policies (page 11)

12. States should financially support or offer incentives for expanded use of technology, including support for the formation of regional technology consortiums.

State-Level Support for Cooperative Arrangements (pages 11-12)

13. States should encourage cost-saving inter-district cooperative arrangements through enabling legislation and financial support.

State-Level School Choice Policies (page 12)

14. States should monitor the impact of school choice on the enrollment in small rural districts.

15. State polices should allow small districts to cap the number of students that can transfer out of the local district for any choice option.

District-Level Actions (pages 12-13)

16. Districts should explore a full range of cost-saving measures (for example, using multiage classrooms).

17. Districts should consider all possible strategies to increase students enrollment (for example, providing financial incentives for new homeowners).

18. Distrtics should celebrate and advertise the local quality of life and quality of local schools to attract new families.

19. Local distrtics should consider forming collaborative relationships with other districts to achieve economies of scale.

20. Districts (or states) should create a clearinghouse to share good examples of local efforts that mitigate the impact of declining enrollment.

A temporary reprieve

Last year, parents and community members raised $50,000 to keep Sycamore Canyon Elementary School open. Declining enrollment has plagued the school (and its district) for the past decade. Though advocates succeeded in keeping the school doors open, many services and programs are diminished or totally eliminated. The library is open only for two days a week. The principal is part time. The music program has been totally cut. Parents are now charged for transportation. And though parents and staff are relieved, they know that the school may be closed within the next few years. Demographic predictions call for continued declining enrollment ("Budget, enrollment cuts," 2005).

This description of impending doom due to declining enrollment is not an isolated case. In fact, it's becoming commonplace, as across the country, many schools and districts[1] are faced with declining numbers of students. Though nationally the student population is rising, the increases are in specific geographic locations, while other locations are experiencing the opposite.

Relatively small year-to-year variations in enrollment are natural and expected and do not destabilize educational systems. However, declining enrollment that is long-term and chronic can and does cause significant challenges for schools and districts. This is true for districts in all locales—suburban, urban and rural. However, rural schools, especially those that are small, are particularly vulnerable to problems associated with declining enrollment. This report focuses on the challenges associated with declining enrollment for schools in rural areas, and the role that policies can play in either magnifying its problems, or conversely, reducing its impact.

I. The Context

National data[2] indicate that public school enrollment increased 12.6% between 1992 and 2002 (National Center for Education Statistics [NCES], 2005a). These nationwide figures, however, obscure wide variation among states. While 40 states had student growth in the past decade, the other ten states have seen a decrease. And the variation among districts within a state can be as great as it is between states. In California, for example, over 40% of all districts have declining enrollments, in spite of an average statewide increase of 21%.

NCES' projections of future demographic changes also indicate an uneven student population growth (NCES, 2005b). According to the NCES statistical model, future population changes will vary significantly from region to region, though the majority of states will experience declining student enrollment. For example, student enrollment is expected to decrease in all states in the Northeast and Midwest (except for South Dakota). In contrast, all 13 states in the West are expected to experience increasing enrollment.[3] Predictions in the South are mixed. Five of the 17 Southern states should experience an increase in students, but the other 12 should see a decline.[4]

Though population decline is not a uniquely rural phenomenon, it is far more common in rural places than in urban or suburban locales. In the past decade, most large urban and suburban areas have grown rapidly, while rural counties, especially in the Great Plains states and in the interior Northeast and Appalachia, had slow growth or declining populations (Perry & Mackun, 2001).

II. Causes of Declining Enrollment and the Role of Education

Declining enrollment is associated with a variety of factors. Though education and educational policies influence population shifts, they are seldom the principal cause. Economic and demographic changes are primarily responsible for declining enrollment in rural areas. Causes include (Cook, 2004a; French & Thomas, 2002):

- An aging population.
- Changes in the job market and/or diminished opportunities for entrepreneurship.[5]
- Increased school choice.
- Neighborhood decay and uneven neighborhood development.
- An increasingly fluid and mobile student population.
- Land/resource use.
- Housing costs.

In the above list, only school choice can be classified as a uniquely educational issue. However, the local education landscape does play an important role in the dynamics of declining enrollment. If local schools are excellent, they may provide an enticement for young families to stay in or move into rural communities. Alternatively, if local schools are of poor quality, they invite even more exodus from rural areas. And certainly, a community that has no local school will be even less attractive. For families who have choices of where to establish their homesteads, educational availability and quality are compelling factors.

III. The Impact of Declining Enrollment

By far, the most immediate and serious impact of declining enrollment is the loss of revenue for the affected districts and schools. Funding for education is usually allocated to districts and schools on a per-pupil basis.[6] When enrollment falls, revenue decreases.

This revenue decline is unfortunately occurring at the same time that many educational costs are dramatically rising. Increased costs for utilities, supplies, special education, and health insurance, are driving educational costs up. Also, current demands for improved academic outcomes often means more money spent on costly elements such as more professional development.

And even if educational costs were stable, declining enrollment almost always results in higher per-pupil costs, since many educational expenses are fixed or nearly fixed. Costs of essentials, such as heating the building, operating buses, providing a principal, and insuring the property do not necessarily drop when enrollment declines. These fixed expenses are then distributed over fewer students, driving the per-pupil costs up.

Thus declining enrollment generates severe financial distress. Schools need to operate with less revenue, while many costs are fixed or increasing. The result? Districts with persistent declining enrollment are forced to make deep cuts in existing staff, programs, and resources.

Implications for small schools

These pressures are especially severe for smaller schools. Larger districts have proportionally more leeway in finding cost-saving arenas. For example, a 10% drop in enrollment for a 1,000-student high school might require eliminating five teaching positions from a staff of 50. This can probably occur without jeopardizing the loss of any curriculum offerings. In contrast, a small high school with only 200 students may have only ten teachers. A 10% staff reduction, therefore, may result in a gap in the core curriculum, since in small schools there often is only one teacher for each subject area.

The dynamics of funding small schools often become even more complicated when decline in student enrollment reflects a decline in the local tax base. As state aid declines, local taxpayers may be asked to make up the lost revenue. However, if the tax base (i.e., property values, number of residents, income levels) is also diminished, local residents are faced with the tough choice of either increasing local taxes or facing major reductions in the school budget.

The combined impact from the decrease in revenue hits almost every aspect of operating schools. Not only do districts experience specific program and personnel losses, but declining enrollment also results in more general problems. Persistent revenue loss also affects staff morale, professional growth, and makes strategic planning extremely difficult.

For example, a report to county superintendents in California sums up the impact of declining enrollment by stating, “the net effect is a degree of district paralysis with respect to long-term planning, standards-based quality control, and overall effectiveness,” (French & Thomas, 2002, p. 2).

School Closure

Continual enrollment declines can, and often do, lead to closing small schools. When this happens, children are assigned to another school, often located quite far from their home communities. There are students in West Virginia, for example, who must ride buses for two hours each way—a result of a statewide consolidation policy that has closed many small, local schools. Unfortunately, these long commutes to school have been linked to declines in parental involvement, decreases in student participation in extra-curricular activities, and a severing of close connections between school and community (Eyre & Finn, 2002; Lewis, J., 2003).

There are also academic implications with these school consolidations. When students are displaced from local small schools, they are often assigned to much larger schools. Though not every consolidated school is huge, and not

every large school is impersonal, there is strong evidence that students, especially those from low-income backgrounds, do much better in smaller, more personal learning communities (Cotton, 1996; Howley & Bickel, 2000).

Closing local schools touches entire communities, not just the students, especially in rural areas. In many small rural towns, local schools are the heart and soul of the community—its historical and cultural center. "Of all civic institutions in a village...the school serves the broadest constituency. Not only do schools meet the educational needs of a community and may be a source of employment for village residents, the local school also provides social, cultural, and recreational opportunities. It is a place where generations come together and where community identity is forged," (Lyson, 2002, p. 132).

IV. Policies and Practices that Magnify or Mitigate the Problems of Declining Enrollment

It is a given that persistent declining enrollment presents serious challenges for rural schools. However, the degree to which it negatively affects rural schools is somewhat dependent on certain educational policies: some magnify the challenges of declining enrollment, while others can help diminish them.

This section focuses on educational policies[7] in seven areas that have the potential to be either detrimental or beneficial to districts dealing with declining enrollment. Most of the discussion focuses on State Funding Systems, since this area presents the greatest and most immediate challenge for districts with declining enrollment. Other areas are: Facility Policies; Induced Consolidation; Distance Learning; Inter-district Collaboration and Sharing; School Choice Programs; and Local Strategies. When appropriate, we offer specific recommendations for each policy area.

1. State Funding Systems

State funding systems can positively affect districts with declining enrollment in two ways. First, they can directly address the problem by introducing measures that reduce or delay the effect of the decline on state aid allocated to the district. Secondly, because districts with declining enrollment are often (but not always) small and getting smaller, state funding formulas that support small districts can indirectly benefit districts with declining enrollment.

Mitigation Measures

Two approaches are commonly used to mitigate the effect of declining enrollment on allocated state aid: (1) Using a "rolling" average to calculate student membership, or (2) Using a "hold-harmless" provision that guarantees at least some percentage of the previous year's state funding.

Kansas provides a good model of the use of a rolling average. Its funding formula calculates districts' membership using the higher of either (1) the average enrollment from the previous three years or (2) the previous year's enrollment. Wisconsin and Vermont are examples of states with hold-harmless provisions. Wisconsin guarantees at least 85% of the prior year's state aid, while Vermont provides at least 96.5% of the prior year's revenue.

The effectiveness of either of these approaches depends on the specifics of the policy and other variables at the district level. For example, an 85% hold-harmless provision is only beneficial if a district's enrollment declines more than 15% in one year. (Thus, a district with a 10% drop in enrollment would benefit from policies in Vermont, but not in Wisconsin.) And in general, hold-harmless approaches are only useful on a short-term basis, since the benefit evaporates after the first few years. A rolling average approach is slightly more helpful when enrollment decline is continual, though the actual impact is moderate at best.

Both tactics are beneficial, though temporary. They buy some time for districts and somewhat cushion the financial loss of declining enrollment.

> **Recommendation 1:**
> ***State funding formulas in every state should include provisions that cushion the impact of declining enrollment, like the use of rolling average or hold-harmless provisions.***

State Support for Small Schools

States can support small schools by incorporating additional state aid for small schools into their educational funding system. As of FY 99, 28 states had funding systems that contained small district or

school supplements (NCESc).[8] Unfortunately, the mere presence of a state system for small school funding does not necessarily equate to adequate funding. Financial support systems for small schools vary widely. Some approaches are quite helpful, while others offer only minimal financial relief. The following section describes some of the variables of state funding systems that can make a significant difference for small schools.

The first critical variable is whether a state funding system even acknowledges that small schools or districts cost more to operate. As of 1999, the last year for which comprehensive national data is available, 22 states did not. Instead they provided the same amount per-pupil for small schools as was provided for large schools (Hayward, Seder, Smith & Ehlers, 2003).

Another variable is whether small school aid is allocated as categorical aid, or by weighting student counts in their funding formulas. California, for example, uses categorical aid. In California, "necessary" small elementary schools in 1999 with fewer than 26 students received an additional $52,925, with 26-50 students an additional $105,850, with 51-75 students an additional $158,775, etc. (Hayward et al, 2003). South Dakota, on the other hand, uses a weighting system. Districts with fewer than 201 students receive 20% more state aid per-pupil, accomplished by multiplying their student count by 1.20.

Though the simplest approach to supporting small schools is via categorical aid, most states use a weighting method. A weighted approach has the potential advantage of increasing if and when general state aid in the formula increases, whereas categorical aid is an easy target for budget cuts. However, since most state aid is allocated on a per-pupil basis, districts with declining enrollment will most probably experience a net decrease in state aid even with a weighting system.

Recommendation 2:
Every state should supplement state aid for small districts and/or schools based on enrollment and/or sparsity.

A third important variable concerns the basic unit considered for additional state aid. Some states allocate supplementary funding by considering school enrollment (Vermont), while in other states, district enrollment is the main criteria (Oklahoma). And some states, like North Dakota, use both.

In highly centralized states, allocating aid by district may shortchange small schools. In these states, a district may be too large to qualify for low enrollment assistance, even though it may contain small schools that need additional financial support. By allocating supplemental funds at the school level, this problem is resolved.

Recommendation 3:
Supplemental aid for low enrollment should be determined and allocated on a school level.

Another basic element of state systems is the criteria used to determine which districts or schools are eligible for supplemental aid. Some states offer small school adjustments based on student enrollment (per school or per district) or the number of students per grade, while other states define eligibility by geographic factors, such as remoteness.

There is a wide range in the definitions of what constitutes "small." For example, in Colorado, a small district is defined as having fewer than 5,650 students. In Texas, districts with fewer than 1,600 students receive supplemental aid. And, Oklahoma districts are eligible for small district aid if they have fewer than 530 students.

Geographic definitions also vary, identifying districts as small if they meet criteria for sparsity, remoteness, or isolation, each with distinct definitions. Sparsity is typically defined as the number of students per square mile. Isolation or remoteness may be measured as the distance to the nearest school offering the same grade level. Often these geographic criteria are combined with other eligibility requirements. In Arizona, for example, a small district is defined as having fewer than 600 students and is located more than 30 miles from the nearest school in another district. In Minnesota, districts are eligible for sparsity aid if they have an elementary school with fewer than 20 students per grade that is located 19 miles or more from the nearest elementary school.

These varying criteria for additional funding can be very significant for small schools. Distinctions between districts that are eligible or

ineligible for supplemental funding tend to be arbitrary and not rationally related to real differences in the costs of providing education in districts of varying sizes. Definitions that are unduly restrictive, for example, may ignore moderately small districts or schools that are struggling financially.

The other important factor with all these systems is how much additional state aid is actually allocated. For example, investigators found that in Minnesota only a very limited number of districts met state definitions for sparsity, and the amount available in another category designed to help isolated poor districts generated very little "hard cash" (in this case, only an additional $18 per pupil), (Thorson & Edmondson, 1999).

Recommendation 4:
Criteria for small school aid should be broad enough to cover all small, poor schools that cost more to operate because of low student enrollment.

Recommendation 5:
Supplemental aid should be substantial enough to adequately cover additional costs associated with low student enrollment.

Lastly, small school supplements differ by whether they provide a set amount of aid for all defined small schools, or whether they account for varying degrees of "smallness." Very small schools will usually cost more (per-pupil) to operate than "moderately" small schools, because fixed expenses are spread over a smaller number of students. For example, assume that a principal earns $70,000 per year. That expense will be $350 per-pupil in a school with 200 students, $467 with 150 students, and $700 per-pupil with 100 students. Adequate small school funding must be sensitive to funding needs of schools along a continuum of sizes.

Some states have incorporated size categories into their formulas and provide the same amount of supplemental aid to all schools or districts within that range. For example, North Dakota has three categories of weights at the elementary level and four at the high school level, with the smallest districts receiving the greatest additional weight. At the high school level, the formula differentiates for funding purposes districts of less than 75 students, 75-149 students, 150-549 students, and over 550 students.

Kansas provides another model by using a sliding scale that adds student counts for districts between 100 and 1,662 students, with the smallest districts getting the most additional student membership credit. For example, a 100-student district receives per-pupil state funding as if they had 201 students. (Districts under 100 students are funded at the 100-student level.) The weighting indices were derived from the median expenditures per-pupil in FY 92 for different sized districts. The use of a sliding scale avoids some of the problems of an artificially created and arbitrary cut-off between districts that receive additional state aid and those that do not.

Recommendation 6:
Supplemental aid should vary along a continuum of school sizes, with the smallest districts receiving the most additional aid, rather than setting artificial size categories.

Taxing and spending limits

When state aid drops because of declining enrollments, it may be possible for districts to fill the gap locally by increasing local taxes. However, many states (e.g., California, Kansas, Massachusetts, Michigan) limit the increase in local property tax rates (Education Commission of the States [ECS], 2004). This "levy cap" prevents communities who are willing to tax themselves at a higher rate from doing so.

In addition, some states (e.g. Arizona, Iowa, Kentucky, Montana) further curb education spending by capping the amount of budget increase that is permissible. These spending lids also may prevent local citizens from investing more in education.

According to the ECS, 35 states have tax caps and 12 states have spending caps (2004). Though in most states these limits may be overridden by local citizens in special elections, both limits tend to make the process difficult and subject to the vagaries of local economics and politics.

The situation in Nebraska is an example of problems associated with taxing and spending caps, where these issues are part of the reason for two recent lawsuits claiming the state funding mechanism is unconstitutional. Plaintiffs in one case put it this way:

> After forcing local districts to rely too much on the property tax, it then erects hurdles in the form of levy and spending lids that prevent them from gaining access to that tax base. A school district needing more revenue may be prohibited from raising that revenue by the levy limit. Or, a district that can increase its levy, or persuades local voters to permit it to exceed the levy limit, may be able to raise additional revenue but be prohibited from spending it by the spending lid. In either case, the state aid formula assumes illogically that these additional local revenues are available, and calculates state aid as if it were, when it is not. (Hoffman, 2004)

Some may argue that levy and spending caps are safeguards against inequities, where wealthy districts can afford to raise taxes to provide far greater resources for their local schools than poor communities can. However, this argument does not acknowledge that wealthy communities typically can raise a lot with minimal tax efforts, so a cap does little to equalize resources.

Tax and spending limits, in general, have been proposed to limit local property taxes in states where state aid is inadequate. This state-level inadequacy then forces local communities to raise local taxes to make up the difference. The problem with tax and spending caps is that they focus on the incorrect problem: The main difficulty is not high property taxes, but the inadequate state funding that causes this response.

Recommendation 7:
States should avoid spending and levy caps, or eliminate them if they exist, so local communities can fill gaps created by declining enrollment if they so choose.

2. Facility Policies

State facility policies are complex and often include regulations about what approved school projects must include, how building projects are funded, and how (or if) state aid is allocated. State facility policies can magnify problems associated with declining enrollment to the extent they offer incentives to close small schools and instead invest in larger buildings. For example, some facility policies only offer state aid for large schools, thus promoting the closure of small schools, especially those with a record of declining enrollment. West Virginia, for instance, provides state aid for school building projects only if the school has an enrollment of 1,000 or more, or for smaller districts, only if all their high school students attend one school.

In other states, renovations of existing buildings are under-funded (or not funded at all). California, for example, only funds renovations if they cost less than 50% of the costs of a new facility (Beaumont, 2003). These facility policies encourage new buildings over maintaining existing structures.

Acreage requirements also can promote building new schools. At least nine states have adopted acreage recommendations set by the Council of Educational Facility Planners International (CEPRI). CEPRI suggests that elementary schools have at least 10 acres, middle schools need 20 acres, and high schools should have 30 acres (plus, in each case, an additional acre for each 100 students). Often small, existing village-centered schools do not meet these acreage requirements, and renovation projects may be ineligible for state aid (Lawrence, 2003).

Though policies such as these may not be explicitly linked to enrollment numbers, they provide incentives for constructing new and larger schools, and discourage operating and maintaining small schools. A history of declining enrollment increases the pressure on small schools to accept needed state aid, and may make the closure of small schools more tempting.

Recommendation 8:
States should provide adequate financial support for facility projects (including renovation) so all districts, including those with low enrollment, have safe and effective facilities.

Recommendation 9:
States should eliminate other existing policies that create barriers to maintaining small schools, like acreage and enrollment requirements.

3. Induced Consolidation

In spite of research indicating the benefits of small schools (Howley & Bickel, 2000), many states either force consolidation of small districts and schools (e.g. Arkansas) or encourage consolidation by offering financial incentives for mergers (e.g. Illinois, Nebraska, South Dakota).

These state actions remove critical decision-making power from the local populace and create a cultural, social, and economic void in rural places. In Arkansas, for example, district consolidation in predominantly African-American communities has dramatically decreased the numbers of African-American school board members and eliminated a large percent of African-American superintendents (Jimerson, 2005). State policies that mandate consolidation eliminate any chance that local efforts, along with beneficial policies, can reverse the course of declining enrollment, and they serve to hasten and legitimize the death of rural communities.

4. Distance Learning

One potential liability for schools with declining enrollment is an inability to provide a wide range of curricular offerings, especially at the high school level. This problem can be readily resolved by using distance learning technology. With a minimal investment, schools can provide specialized and advanced level instruction using interactive television, satellite, or online course offerings.

Though the initial infrastructure outlay may seem high, most small and rural districts are eligible for significant E-Rate discounts. Many rural communities have also found cost savings by establishing inter-district technology consortiums. In addition, distance learning can serve multiple purposes such as offering cost-effective professional development, virtual field trips for students, and continuing and adult education for community members.

Technology provides one means to break the link between per-pupil revenue and educational opportunity, and helps ensure that students in small schools have access to a wide range of learning experiences (Hobbs, 2003).

5. Inter-district Collaboration and Sharing

Small districts in many states have saved money by sharing certain personnel, student services, and resources with other districts. This approach allows districts to maintain their individual identity and independence while also achieving some economies of scale. Inter-district collaboration can be supported through state policies, or initiated at the district level.

Recommendation 12:
States should financially support, or offer incentives, for expanded use of technology, including support for the formation of regional technology consortiums.

Collaborative efforts take many forms. For example, neighboring districts in a rural area of New York State realized substantial savings through joint purchasing and bidding using an informal inter-district collaborative (Darden, 2005). In California, five districts joined forces to provide elementary teachers with shared professional development in literacy. In another example, six rural districts in Colorado merged their transportation systems (Cook, 2004b).

Although these examples are all local initiatives, states can help facilitate and support cooperative arrangements. For example, the North Dakota Legislature is encouraging—and financially supporting—districts to join together in collaboratives called Joint Powers Agreements (JPA). The state model delineates both administrative functions and student services to be shared by JPAs. Administrative

Recommendation 10:
States should not mandate school closure or consolidation, but instead allow these options to remain a local decision.

Recommendation 11:
States should not offer financial incentives for district or school consolidation.

areas include functions such as business management, curriculum mapping, data analysis, grant writing, and technology support. Student support sharing includes items such as AP classes, counseling services, distance learning classes, and summer programs. Each JPA group is required to hire a half-time coordinator and to submit an annual financial report.

Vermont's supervisory union governance structure offers another approach. Here neighboring districts that feed into a unified high school share administrative services, with one superintendent, one business manager, and usually one special education coordinator. Depending on the local sentiment and custom, some supervisory unions share other services and personnel such as professional development, technology personnel, and transportation for member districts.

Lastly, in many states, coordination and sharing of resources occurs through regional education service agencies. New York's BOCE system is an example of a state supported agency designed to provide economies of scale to local districts by coordinating specific services.

Recommendation 13:
States should encourage cost-saving inter-district cooperative arrangements through enabling legislation and financial support.

6. School Choice Programs

Some school choice programs, specifically vouchers, charter schools, and cyber-schools, magnify problems of declining enrollment. These programs directly reduce enrollment in local schools, accelerate enrollment decline, and cause a significant financial drain.

The magnitude of this problem was reported by a superintendent in Jordan, Utah who observed, "As developers work on an eight-square mile development near a former copper mine, parts of Jordan are booming while others are in decline. Charter schools have become popular; in recent years, four charters have pulled 2,500 students out of the district" (Cook, 2004a).

The situation is more complicated with open enrollment, where a student can enroll in a school outside the area in which they live. In this case, there are frequently "winners" and "losers." Winners are schools or districts that are successful in attracting more students than they lose, and therefore have a net gain in enrollment.[9] However, there are almost always losers in this calculus. These schools/districts lose more students than they gain. What is helpful to some districts is detrimental to others.

There is some evidence that students tend to use open enrollment options to transfer from smaller schools to larger schools, which has the potential to accelerate population decline (Mathis & Etzler, 2002). However there are also places where open enrollment apparently works in the opposite direction. There are areas in Nebraska, for example, where some parents are using open enrollment options to transfer from larger, urban, and more racially diverse schools into smaller, primarily white schools (Hoffman, personal communication, November 14, 2005). In general, it is difficult to generalize the impact of open enrollment because there are very few large-scale studies that examine student transfer patterns in rural areas.

Recommendation 14:
States should monitor the impact of school choice on the enrollment in small rural districts.

Recommendation 15:
State policies should allow small districts to cap the number of students that can transfer out of the local district for any choice option.

7. Local Strategies

Many districts have instituted their own unique actions to reduce the negative impact of declining enrollment. These district-level actions tend to attack the problem in one or more of three ways: (1) reducing educational costs; (2) increasing enrollment; and/or (3) maintaining and/or improving educational quality.

Here are a few examples of local initiatives:

Reducing educational costs

✦ Use multiage classes.

Creating multiage (or multigrade) classrooms is an effective and fairly common strategy to reduce personnel costs when enrollment declines. In addition to saving costs, most research indicates

that multiage classes are academically beneficial for students. A recent literature review by Kinsey (2001) concludes that, in general, multiage classes are associated with positive social and academic outcomes for students.

✦ Shorten the school week or school year.

Some rural districts have cut operating expenses by reducing the number of days in the school calendar. Some districts in Idaho, for example, have adopted a four-day school week. Similarly, a district in Michigan lowered costs by shortening the school year by 15 days (Cook, 2004a). Officials report mixed results with these approaches. Some districts cite only minimal cost savings and other difficulties such as problematic child-care arrangements while others indicate that students and families have adjusted well to these changes.

✦ Share facilities with other agencies.

Many school buildings have underutilized space or are vacant during summers and after-school hours. Districts can reduce costs by encouraging groups to lease space within school buildings when not needed for school purposes. This may provide some financial relief for districts and simultaneously provide community access to valuable services and programs. One model for this occurs in full-service schools.[10] In these schools, buildings house health and social services, as well as adult learning opportunities for community members. Though the goals of full-service schools are not primarily cost-savings for districts, this can be one by-product of expanding the use of school facilities.

Recommendation 16:
Districts should explore a full range of cost-saving measures (i.e., using multiage classrooms).

Increasing enrollment

Local actions in this area may range from inviting home-schooled students to participate in some school-based activities, to seeking ways to attract younger families into the area. Ellsworth County, Kansas initiated one of the more creative strategies, in attracting new students by offering free home-sites to new residents (Richards, 2004). The district also enticed new residents with partial down payments for home mortgages. In another more unique example, one superintendent in Wisconsin spent time establishing a relationship with a local Amish community and then encouraged them to send their children to the local public schools. (Richards, 2004).

Recommendation 17:
Districts should explore all possible strategies to increase enrollment (i.e., providing financial incentives for new homeowners).

Recommendation 18:
Districts should celebrate and advertise quality of life and quality of local schools to attract new families.

Maintaining/improving educational quality

Some local districts with declining enrollment have developed successful strategies to offer a full range of course offerings, in spite of decreasing revenues. In addition to the advantages of technology to offer cost-effective courses previously described, other approaches include:

✦ Sharing teachers both within the district and/or with neighboring districts, sometimes referred to as "circuit-riders" ("Findings and recommendations," 2002).

✦ Establish partnerships with the local community college to teach certain courses. Fort Dodge, a community with declining enrollment in Iowa, established a relationship with the local community college to offer high school students advanced courses the school can no longer afford. ("Learn from experiences," 2001).

Recommendation 19:
Local districts should consider forming collaborative relationships with other districts to achieve economies of scale.

Recommendation 20:
Districts (or states) should create a clearinghouse to share good examples of local efforts that mitigate the impact of declining enrollment.

V. Why it Matters?

Declining enrollment has the potential to slowly drain critical revenue from small rural districts. This financial hemorrhage results in staff and program reductions, neglected facility maintenance and improvement, lowered morale, decreased educational opportunities and experiences, curtailment of professional growth activities...and eventual school closure. This process must be reversed.

Though there is no silver bullet that will "fix" all the problems associated with declining enrollment, state and local actions can accomplish two goals: (1) Buy time and give communities and economies time to rebound, improve, and/or adjust to changes in population and revenue; and (2) Ensure that all students in communities with declining enrollment are offered an excellent education. The recommendations suggested in this report are essential steps towards realizing those goals.

Some may argue that these recommendations, though well intended, are futile, too costly, and only serve to prolong the agony of rural places in decline. Just the opposite is true, however. States and local communities must act to sustain and improve rural schools with declining enrollment for several reasons.

First, declining enrollment is not a uniquely rural phenomenon. Most central cities east of the Mississippi and north of the Sun Belt are also experiencing population decline, so policies that mitigate problems of declining enrollment are needed for both urban and rural places.

Additionally, those left behind by out-migration are often the poorest, the least mobile, and the most at-risk of educational failure. It is precisely these people who need forceful policies supporting public education. "No child left behind" means "no place left behind."

If policymakers choose to arrest and reverse decline, schools have a potentially powerful role to play in the affirmative. They not only sharpen the skills of the local labor force, but they can directly engage students of all ages in academic work that supports development. Smart growth needs smart schools.

Conversely, if policymakers make a deliberate decision to encourage depopulation of a region, that policy should be overt and it should support displacement of people with direct assistance. It should not operate coercively, punishing those who resist displacement by depriving them of the right to an education for their children. Children's right to an education should not be held hostage to adult decisions and behavior.

And indeed, a school dealing with depopulation and declining enrollment is not necessarily a bad school. In fact, in many places, the quality of community life, even in poverty and decline, produces excellent educational achievement. Many schools with declining enrollment are models of excellence, and are resources to be preserved and modeled, not destroyed (Bickel, Smith & Eagle, 2002).

Lastly, places are usually not in permanent state of decline. Equilibrium is almost always achieved, and often a reversal of fortunes occurs. Decline is a condition, not a fate. And even when decline is sustained over the long term, places rarely "go away" completely. Communities in decline may have a half life of a hundred years. Those who are "left behind" in such places have the same rights to an equal educational opportunity as those who leave. Society's obligation to educate is not dependent on demographic good fortune, and a child's right to an education cannot be compromised by geography.

Endnotes

[1] For simplicity sake, this paper sometimes uses the terms "schools" and "districts" interchangeably. However, we recognize that in some states and in some contexts, this may be an important distinction.

[2] Unless otherwise stated, all data is from the National Center for Educational Statistics (NCES), Common Core of Data (CCD). The latest available data was used, in most cases from school year 2002-2003.

[3] Projected student enrollment from NCES.

[4] NCES uses the following states in their regional analysis:
Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin
South: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia
West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nebraska, New Mexico, Oregon, Utah, Washington, Wyoming

[5] For example, in agricultural areas, technological advances and corporate ownership have made it more difficult to maintain smaller family farms.

[6] To some extent, every state allocates education funding on a per pupil basis. However, the proportion of state aid that fluctuates with student enrollment varies. For example, in Montana, districts receive a set amount per school, plus additional funds based on enrollment. Though Montana state aid is less directly a function of student membership, schools with declining enrollment will still see a revenue decrease (Griffith, 2005).

[7] Conspicuously absent in this section is any discussion of economic development issues, which are beyond the scope of this report. However, it should be recognized that declining enrollment is primarily rooted in economic factors. To that extent, economic development policies are critical.

[8] Though this NCES report does not include more recent changes in state funding mechanisms, it offers a good description of types of funding provisions used by various states.

[9] At least one study (Howley, 2005) provided an example of a rural school with declining enrollment that has benefited from open enrollment. However, in general, choice programs magnify problems by accelerating student exodus.

[10] For example, the Polk Brothers Foundation is supporting several full-service schools in Chicago. The Molly Stark School in Bennington, Vermont is another example. These schools provide after-school mentoring and tutoring for students, offer limited dental care and health services for students and their families, and provide continuing education for adults.

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