Providing Rural Students with a High Quality Education:

The Rural Perspective on the Concept of Educational Adequacy

A Publication of the Rural School and Community Trust

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July 2005

The authors wish to thank William J. Mathis for his counsel and advice in the publication of this report.

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Overview

Education is a state responsibility, and consequently state and local governments provide more than 90% of the funding for K-12 public education. Determining the amount of state funding for education has proved to be highly subjective and problematic. State legislatures usually begin by deciding how much money they are willing to spend on education, and then allocate these limited dollars to schools. Policymakers seldom consider what it actually costs to provide students with a quality education. Moreover, the unique challenges and needs of rural schools and students are rarely considered in this process.

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This process of holding an annual "political auction" to decide education funding has denied millions of our nation's children access to a quality education by not providing schools with the resources they need to properly educate all children. It has also created and perpetuated wide gaps in education funding between wealthy and poor school districts. The concept of "educational adequacy" seeks to reverse this process by first determining the resources schools and students need to meet high education standards and then matching sufficient state and local funding with those needs. As discussed in greater detail later in this report, "**educational adequacy**" is a term-of-art used extensively in the school finance world to describe the amount of funding schools need to educate children to high standards. For purposes of this report the term "adequate" means a "high quality" or "first rate" education, not a "minimally adequate" education.

There are three driving forces behind the "educational adequacy" movement. Some state courts have interpreted their constitutions to require a greater investment of resources in education so students—especially those who are poor, speak limited English or have disabilities—can have access to a quality education. Likewise, state education and policy leaders are seeking to improve public schools and student achievement because parents and taxpayers are demanding it. Lastly, these forces have converged with the federal No Child Left Behind law and the "standards based reform movement" to form an environment in which states are defining higher educational standards and then requiring students and schools to meet them.

In this dynamic policy environment a new question has emerged: **What amount of funding is necessary to ensure that schools are able to offer all students a quality or "adequate" education?** Policymakers, courts, and education advocates have turned to school finance consultants who are employing a number of approaches to answer this question.[1] Using what are sometimes referred to as "costing-out studies," consultants first determine the base per-pupil cost of educating students to standards established by the state. They then frequently determine the amount of additional funding needed to reflect the higher costs of educating certain learners—at-risk, low-income, Limited English Proficient (LEP), or special education students—to those same standards. Less frequently, studies consider differences in geography or school district size within a state, especially differences that

[1] A brief summary of each approach is included in Appendix A. The four approaches are:

- Successful School District Approach
- Cost-Function Approach
- Professional Judgment Approach
- Evidence-Based Approach

involve rural areas. In the rare instances where these analyses have considered geographic or size differences among school districts, many have found higher costs for rural schools. But even where studies have found higher costs to operate small rural schools the resulting funding adjustments do not sufficiently reflect these higher costs.

The lack of attention given to the needs of rural schools in costing out "educational adequacy" is ironic, since over one third of all schools nationally are located in small towns or rural places and nearly 21% of all students attend rural schools in the smallest communities.[2] Turning a blind eye to the unique challenges facing rural schools will almost certainly thwart states' efforts to meet higher educational standards. Moreover, educational neglect of rural schools and students only compounds the high unemployment and poverty rates of many rural communities. A high quality education program can promote rural economic development and build the leadership potential of rural residents. With such high stakes for rural communities and children, policymakers cannot afford to ignore the needs of rural schools.

Rural parents, students, community groups and grassroots people can add valuable information to discussions about educational adequacy and, therefore, they should be fully involved in the process of defining and costing out an adequate education.

One technique used in costing out studies is to convene panels of educators who determine the effective educational strategies and programs necessary to offer students an "adequate" education." Consultants then put a price tag on each strategy yielding the total cost of education. These so called "professional judgment panels" rarely include rural parents, students, or community members despite the fact that rural schools and students have a major stake in defining and funding an adequate education system.

The Rural School and Community Trust (Rural Trust) believes that rural parents, students, community groups and grassroots people can add valuable information to discussions about educational adequacy and, therefore, they should be fully involved in the process of defining and costing out an adequate education. To explore this notion, the Rural Trust convened five leading state-level rural advocacy organizations.[3] These organizations, collectively referred to as the Rural Equity Collaborative Group (REC Group), are geographically diverse and possess extensive knowledge about rural communities, grassroots people, schools, and education in their states. The REC Group was asked to explore ten key questions:

1. Does money matter in the process of educating children?

2. How great is the need for accountability and capacity building in a high quality education system?

3. Are small rural schools cost effective?

4. What are the unique characteristics of rural communities that should be considered in discussions about education quality?

5. What fundamental principles underlie a high quality state education funding system?

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[2] For purposes of this report the term "rural" includes schools located in places with a population of fewer than 2,500. See, Johnson, J. & Strange, M. (2005). *Why rural matters 2005: The facts about rural education in the 50 states,* p. 1, Washington, DC: Rural School and Community Trust.

[3] The five state organizations include: Challenge West Virginia; the Vermont Children's Forum; the Nebraska Coalition for Educational Equity and Adequacy; Southern ECHO (Mississippi); and, the North Carolina Justice and Community Development Center.

6. Are there better ways to convey the concept of "educational adequacy" to rural people and communities?

7. How essential is community involvement in determining educational "adequacy?"

8. What are the component parts of a "high quality" or "first rate" rural education program and do they cost more than in other schools?

9. Do existing state supplemental funding programs sufficiently reflect the higher costs of running rural schools?

10. How should state education funding systems be structured to reflect the higher costs of operating rural schools?

In examining these questions, the REC Group considered what is known about rural communities and schools, the results of education research, the views of leading school finance experts,[4] court decisions, efforts in a number of states to define an "adequate education" and its cost, and the personal experiences of group members. A significant portion of the group's analysis relied on the "evidence based approach to school finance adequacy" recently used by school finance consultants in Arkansas and Kentucky.[5] This approach was used because it presents a set of component parts or educational strategies that leading education researchers have concluded impact student learning. It also enabled the REC Group to analyze the educational efficacy and cost of each component from a rural perspective.

By publishing the results of its work in this report, the REC Group hopes that those working in the school finance arena—school finance experts, educators, lawyers, state policymakers and rural advocates—will gain new information, insights, ideas and guidance as they grapple with the urgent challenge of defining, costing-out, and providing all students with a high quality education.

FINDINGS AND CONCLUSIONS

Both Educational "Equity" and "Adequacy" are Essential in Order to Create a Sound Education Finance System.

The terms educational "equity" and "adequacy" are used extensively in contemporary discussions of school funding.[6] In school finance terms, "equity" means that all students in a state, regardless of their residence or wealth, should be treated equally and is frequently defined as an equal amount of funding per student. But equity also means that the quality of a child's educational experience should not depend on a school district's willingness or ability to contribute to the cost of education. The leading cause of inequity is the over-reliance by states on local property taxes to pay for education.

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[4] In November of 2002, in Manchester, New Hampshire, the Rural School and Community Trust convened a two-day meeting of some of the nation's leading school finance experts who discussed "Educational Adequacy" in the rural context. In preparing this policy brief, the Rural Trust and the REC Group considered the results of this earlier meeting of school finance experts.

[5] The method is also referred to as the state-of-the art approach; See, Picus, L., Odden, A. & Fermanich, M., (2003). *An evidence based approach to school finance adequacy in Arkansas*, prepared for the Joint Committee on Educational Adequacy, North Hollywood, Ca; and Picus, L., Odden, A. & Fermanich, M. (2004). *The state of the art approach to school finance, adequacy in Kentucky*, prepared for the Kentucky Department of Education, North Hollywood, Ca.

[6] For a general overview of "equity," "adequacy," and methods to determine the cost of education see: *Money matters: A reporter's guide to school finance*, "*The Basics of School Finance" and "Crunching the Numbers—How States Calculate What to Spend on Schools*," Education Writers Association, (2003) pp. 2-8., available at: www@ewa.org.

Nationally, states ask communities to raise about half of the revenue for primary and secondary education. This system generates varying amounts of funding for schools depending on the wealth of a community. Wealth disparities among districts can be large, given that poorer districts cannot raise the same level of revenue as wealthier districts, inevitably causing some students to lose out and receive fewer education opportunities and resources than others.[7]

The REC Group believes that a school finance system that is rooted in the availability of local resources to fund education is inherently unequal. Low wealth communities are usually the same communities that have already suffered the greatest degree of educational deprivation and have the greatest need for funding to address ongoing and past deprivations. In order to level the education playing field, states may need to pay a greater portion of the cost of education.

In contrast to the concept of equity, "educational adequacy" refers to the amount of funding necessary to enable schools and students to meet specified state education standards. Before an adequate funding level can be determined, decisions must be reached about the desired educational standards, performance goals, objectives, and student outcomes. Once these benchmarks are established, the goal of adequacy is to match sufficient funding with the educational needs of schools and students. In recent years, the argument for "adequately funded" schools has not only been propelled by court cases; the federal No Child Left Behind Law (NCLB), with its requirement that students be able to meet a set of state prescribed standards, has also brought "adequacy" to the forefront of state education policy debates.

The REC Group strongly believes it unfortunate that the term "adequacy" has emerged as the educational term-of-art to describe the amount of funding schools need to educate children to higher standards. Most people don't associate the term "adequate" with high quality or educational excellence. It is, instead, routinely used in American public life to describe minimum expectations or results. In low-income communities and communities of color, people often see the word "adequate" as demeaning their value rather than validating it. To them, "adequate" refers to something better than they had before but not sufficient to correct a past wrong, and not necessarily fair compared to what more affluent communities receive. While the REC Group recognizes that the term "adequate" has a particular meaning in the school finance world, the use of the term throughout this paper assumes that it means a "high quality" or "first rate" education, not a "minimally adequate" education. In light of the REC Group's concerns, it is recommended that advocates, consultants, lawyers, and researchers identify and begin using a different term-of-art to describe the amount of resources needed to offer students a high quality education.

Most people don't associate the term "adequate" with high quality or educational excellence. It is therefore recommended that advocates, consultants, lawyers, and researchers identify and begin using a different term-of-art to describe the amount of resources needed to offer students a high quality education.

Some education researchers and observers have pitted the concepts of educational equity and adequacy against each other arguing that one approach is preferable to the other. The REC Group disagrees with this approach. They concluded that it is possible for a funding system to be equitable for everyone, but inadequate to meet educational standards. And it is possible for a funding system to be minimally adequate for everyone, while being more generous to some. The REC Group, therefore, believes that in order to be adequate, a state school finance system must at the same time strive to be

[7] The motives behind inequity often run in the deeper waters of discrimination. Several states have a long history of systematic racial and socio-economic discrimination in the way they fund education. These historical forces have perpetuated inequitable state funding policies that tend to favor one group of schools and students over others based on race or class.

equitable. The notions of "equity" and "adequacy" are essential and indivisible values that form the foundation of a sound education funding system.

A sound state school funding system is one that simultaneously provides all schools with "equitable" and "adequate" funding while also recognizing that some schools may need extra funding in light of student needs and community characteristics.

Even in a well-funded and largely equitable state school finance system, some schools and students may require a greater investment of resources. That is so because some students have greater educational needs and some school districts have community characteristics that drive up the cost of education. Where these circumstances exist, mainly in low-wealth, rural and inner-city schools, greater resources will need to be provided in order for students and schools to achieve state-specified educational standards, goals, objectives, and student outcomes. For example, even if rural and low wealth schools are guaranteed an equal amount of state funding for each student, they may need extra funding in order to compete with wealthier school districts for high quality teachers. Likewise, low-income students will require supplemental funding in order to catch up and have an equal opportunity to achieve state education standards. Under circumstances like these it is both rational and necessary for states to provide some students and schools with greater resources than other students and schools. **The REC Group concludes that a sound state school funding system is one that simultaneously provides all schools with "equitable" and "adequate" funding while also recognizing that some schools may need extra funding in light of student needs and community characteristics.**

Money Matters in the Process of Educating Children.

Does the amount of money available for schooling effect the quality of a child's education? In the minds of some, schools have plenty of money to educate children and problems with student achievement, they believe, are a result of inefficiency by school leaders or a lack of motivation on the part of teachers, parents and students.[8] **The REC Group disagrees with these claims and, instead, concludes that there is a relationship between funding and educational quality based on common sense and the results of education research.** Researchers have consistently found that strategies like smaller schools, smaller classes, better qualified teachers, tutoring, and early childhood education—strategies that cost more—are associated with significant improvements in educational outcomes for students.

In considering school funding lawsuits, a number of state courts have found a link between education funding and student achievement, especially where schools are able to offer students research-proven educational strategies and programs. These courts have ordered state policymakers to enact sweeping school funding reforms to bring their systems into compliance with education equity and adequacy requirements found in state constitutions.[9] As one state judge from North Carolina aptly put it: "Only a fool would find that money does not matter in education."[10] Thus, while the issue of money not mattering remains in the minds of some politicians and policy groups, the research conclusion on this point is clear—money matters. Voices that continue to make the claim that money does not matter serve no useful purpose in the current debate about education funding. They, instead, detract attention from two crucial school funding questions: How much money is needed to properly educate all children? And, how should it be spent?

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[8] For a discussion of the impact of money on education see, *Of course money matters: Why the arguments to the contrary never add up.* (January 2004). Campaign for Fiscal Equity: New York.

[9] *See, e.g.*, Abbott v. Burke, 710 A.2d 450 (N.J. 1998); State v. Campbell School Dist., 9 P.3d 518 (Wyo. 2001).

[10] Hoke County Bd. of Educ. v. State, #95 CVS 1158, WL 1639686, p.57 (N.C.Super. 2000).

There Must be Accountability and Capacity Building of Schools.

While the REC Group believes that many schools will need additional resources in order to offer all students a high quality education, money alone will not guarantee that all students have the opportunity to obtain a high quality education. The idea of "educational adequacy," therefore, also requires that schools be accountable for the resources they receive and the results they achieve in terms of student outcomes. Rural schools, like all schools, must manage education resources in an efficient and effective manner. To this end, it is essential that states adopt and implement policies that ensure education dollars are spent on teachers, programs, and services that actually have an affect on the educational lives of individual students. States must also establish financial accounting standards that promote sound fiscal management of public dollars for education. Where fiscal management problems exist, states and local school districts should move aggressively to correct them.

States should, likewise, craft education policies that measure schools' capacity and performance in meeting educational goals and outcomes for students. But in measuring outcomes, state accountability systems must recognize that progress will take time and that multiple measures, not just standardized test scores, should be used to gauge success. Education success should also be determined by looking to the graduation rate, school discipline rates, the level of parental involvement, and the success of schools in preparing students for active participation in civic and community life, higher education, and employment that pays a livable wage. **In the end, the REC Group believes that the best education accountability mechanism is the active and ongoing involvement of communities—local educators, parents, students, and community members—in selecting high quality school leaders, participating in key education policy decisions, and guiding efforts to ensure that all students have the opportunity to receive a high quality education.**

In addition to establishing solid accountability mechanisms, states will need to build the capacity of schools to provide students with a high quality education. The notion of quality schooling leading to educational success for <u>all</u> students is a relatively new, yet necessary, idea. In the past, schools were not expected to educate all learners to high standards; students could get a decent job even if they chose to dropout of school. Clearly, the national and world economies have changed, and today higher levels of education are crucial for students to find gainful employment and for communities, states, and the nation to remain competitive. To be sure, educating all children to high levels is a daunting challenge for schools and educators. This is particularly true for schools that historically have been under-funded and forced to do the best they can to educate students. The REC Group believes that states must not only provide struggling schools with adequate funding, they also must offer these schools guidance and support in order to overcome historic patterns of educational deprivation, low expectations for students, and deficit thinking caused by scarcity of resources.

The best education accountability mechanism is the active and ongoing involvement of communities—local educators, parents, students, and community members—in selecting high quality school leaders, participating in key education policy decisions, and guiding efforts to ensure that all students have the opportunity to receive a high quality education.

Small Rural Schools Represent Cost Effective Investments in Education.

In the debate about the importance of money and education, some argue that small rural schools cost too much and are inefficient to operate. In their rush to judgment, political leaders have offered proposals to consolidate rural schools or districts below a certain enrollment size. Other policies try to fiscally asphyxiate smaller schools by reducing state aid if they choose to remain small. And

increasingly, states are using their accountability systems to force rural schools to close and rural districts to consolidate. These "death sentence" approaches often ignore the historical under-funding of many of these schools, the poverty of the communities they serve, the well-established academic effectiveness of small schools, and the numerous consequences of forcing children to travel long distances and attend larger schools.

Society's obligation to educate students should not depend on a child's demographic good fortune. Nor should geography dictate a child's educational destiny.

Policies that promote consolidation of rural schools can reflect a biased belief that rural people, especially those in poor communities, don't have the capacity to run good schools. **The REC Group believes that such attitudes and related policies only serve to reinforce and aggravate the decline and distress of rural communities.** Society's obligation to educate students should not depend on a child's demographic good fortune. Nor should geography dictate a child's educational destiny. Those who are "left behind" in distressed places are often the poorest, the least well educated, the least mobile, and the most at-risk of educational failure. They have the same rights to an equitable and adequate education as all other children.

Critics of small rural schools rest their case on traditional measures of economies of scale. They believe that schools with fewer students have higher per-pupil fixed costs in order to provide access to essential teachers, courses, and facilities. In their view, bigger is better. Smaller is too expensive. This simplistic argument flies directly in the face of a large and steadily mounting body of scholarly research affirming the value of small schools. In fact, while costing marginally more to deliver education services, these schools are far more effective in educating children.

Smaller schools are more effective than larger schools at increasing the graduation rate, reducing dropouts, improving student discipline, and more fully involving parents in the education process.[11] They are especially effective at addressing one of the most vexing challenges facing educators—closing the achievement gap for low-income students.[12]

Consolidation of rural schools frequently results in students having to travel long distances, over unimproved roads, from their home to school. For example, in West Virginia, some students must travel over two hours, each way to attend school. Long bus rides create a unique educational disadvantage imposed on rural children because they rob them of time to rest, study, and play.[13] Consolidating small rural schools has also been shown to significantly increase transportation costs, counteracting other supposed savings presumed by supporters of consolidation.[14] Moreover, researchers have concluded that when a community loses its school, the local economy suffers from a significant reduction in employment, retail sales, tax collections, and property values.[15] **The REC**

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[11] Raywid, M.A. (January 1999). *Current literature on small schools.* ERIC/CRESS, EDO-RC-98-8. Appalachian Educational Laboratory.

[12] Howley, C. & Bickel, R. (1999). *The Matthew Project: National report.* ERIC No. ED433174. Randolph, VT: Rural School and Community Trust.

[13] Reeves, C. *A decade of consolidation: Where are the $avings?* Published by Challenge West Virginia, and available at http://www.challengewv.org/news/decade_of_consolidation.pdf.; Spence, B. (2000). *Long school bus rides: Stealing the joy of childhood.* WV: Challenge West Virginia; and Zars, B., *Long rides, tough hides: Enduring long school bus rides,* (1998), Wash. D.C.: Rural School and Community Trust, available at: http://www.ruraledu.org/docs/zars_busing.htm.

[14] Eyre, E., & Finn, S. (2002, September 29). Broken promises. After rural school closings: More administrators, scant savings and advanced courses cut. *Charleston Gazette*; and Purdy, D. (1997). An economical, thorough, and efficient school system: The West Virginia School Building Authority "economy of scale" numbers. *Journal of Research in Rural Education,* pp. 70-82.

[15] Lyson, T. (2001). *What does a school mean to a community? Assessing the social and economic benefits of schools to rural villages in New York,* Ithaca, NY: Department of Rural Sociology, Cornell University.

Group believes that closing rural schools at the expense of effectively instructing children in sparsely settled places is pennywise and pound-foolish.

Rural Communities Have Unique Characteristics.

The school is the most important public institution in a rural community, a rallying point for services to poor families and children, a polling place, the library, and the community center. Rural schools also represent the economic lifeblood of the community.

The REC Group believes that rural schools will not be capable of offering students an equal opportunity to obtain a high quality education unless state school funding systems take into account their specific student needs and community characteristics. When properly considered and analyzed, these factors indicate that states may need to invest greater resources in schools located in rural communities. While not all encompassing, the following list of rural community, school and student characteristics provides a beginning point for policy discussions about how to tailor and fund a high quality education system that responds to rural needs. No single rural community or school exhibits each of these characteristics, but they represent common factors that are frequently found in rural areas.

- Community Capital in Rural Places— Rural people tend to live in their communities by choice; and their decision to live in a rural place should not affect the quality of their children's education. While rural places frequently face substantial economic and social challenges, they also possess a number of assets that often are ignored or overlooked. The "community capital" present in many rural communities makes them attractive places to live and raise a family. There is a strong bond that exists among rural community members which fosters a firm commitment to protect and support children. With their sparse populations, lower crime rates, beautiful open space, and sense of community, many rural places offer a welcome break from the problems associated with urban and suburban living.
- Rural People are Strong Supporters of Public Education and Community-Based Schools—Rural people are strong supporters of local schools and public education. They see a quality education as essential to an effective rural economic development strategy because good schools produce a quality local workforce that, in turn, builds upon the already present community capital. The school is the most important public institution in a rural community, a rallying point for services to poor families and children, a polling place, the library, and the community center. Rural schools also represent the economic lifeblood of the community, often serving as a rural area's largest employer and major customers for small businesses. Studies have found that when a rural school closes it can have catastrophic economic consequences for the community and the people who live there.[16]
- Distance, Space, and Sparseness—Rural schools frequently are defined by isolation, long distances between places, and their sparse populations. These characteristics effect the cost of transportation, access to goods and services, the ability to recruit and retain teachers, the level of parental participation, the number and level of student participation in extra-curricular activities, and the proximity to entertainment, services, shopping, and other amenities that people in other communities take for granted.[17]

[16] *Id.*

[17] See *America's Forgotten Children, Child Poverty in Rural America*, (2002), p. 12, Westport, Conn: Save the Children.

- Poverty—In many states the term "rural" is synonymous with "poor." Among the 250 poorest counties in the U.S., 244 are rural.[18] On average, the rate of child poverty in rural communities is higher than in urban areas. Poor children lack adequate housing, access to quality health care, proper nutrition, and adequate child care.[19] There is general agreement among educators and researchers that these and other factors translate into higher costs to educate children living in poverty.
- Low and Declining Property Values—Community and individual poverty is reflected in the lower property values found in many rural communities. Because most states require communities to pay a substantial portion of the cost of education using local property taxes, low and declining property values make it difficult for rural schools to adequately support education.
- Loss of Population, Talent, and Jobs—Many rural communities are rapidly losing population. This diminishes a community's tax base while draining it of the young talent it needs to survive and prosper. Rural communities are also losing jobs as industries move overseas or as agribusiness interests squeeze smaller operators out of business. The result of these converging demographic and economic dynamics is a downward economic spiral for many rural places. Declining school enrollment often leads to reduced state aid, aggravating these negative trends for rural schools.
- Aging Population—With the loss of younger people, rural places have an aging population. While there are advantages of an aging population, especially where seniors have substantial retirement income, in low-income rural places this trend can reduce a community's tax base and increase the cost of social services that frequently competes with education for limited tax dollars.
- High Minority Population—In many rural areas, minority students comprise a greater percentage of a school's population than in urban areas. Often, rural schools have high percentages of Native-American and African-American students who have unique educational challenges and needs. Failure to address these needs has resulted in a wide and persistent achievement gap between these learners and non-minority students. The number of Hispanic students is also rising in many rural communities, creating a need for additional specialized programs and teachers.

Rural people choose smaller schools because their common sense confirms what research shows—they are better places to educate children. Overwhelming education research has found many advantages of smaller schools over larger schools including better achievement, higher graduation rates, fewer discipline problems, and higher rates of participation in extracurricular activities.

- Smaller Schools—Rural schools are frequently smaller than other schools either because of the community's sparse population or by community choice. Rural people choose smaller schools because their common sense confirms what research shows—they are better places to educate children. Overwhelming education research has found many advantages of smaller schools over larger schools including better achievement, higher graduation rates, fewer discipline problems, and higher rates of participation in extracurricular activities.[20]

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[18] *250 Lowest Per Capita Personal Incomes of the 3110 Counties in the United States, 2001,* Bureau of Economic Analysis, available at: (http://www.bea.gov/regional/reis/pcpilow.cfm); and Beeson, E. & Strange, M. (February 2003). *Why rural matters: The continued need for every state to take action on rural education.* Washington, DC: Rural School and Community Trust.

[19] See Save the Children, *supra.* pp. 20-21.

[20] Cotton, K. (2001). *New small learning communities: Findings from recent literature,* 5 ERIC Doc. No. 459539.

- Social Service Infrastructure and Philanthropic Support —Rural communities that have high poverty, declining population, and economic decline lack a strong and supportive social services infrastructure that is increasingly important to supplement the formal education process. Rural places also do not have the philanthropic institutions that many urban and suburban communities rely on to supplement the cost of education.[21]
- Technology— As a general rule, rural places lack access to basic technology taken for granted in other places. Rural students are less likely to have access to telephone service, a home computer, or the Internet. Moreover, many rural towns do not have high-speed Internet connections.
- Transportation—The lack of transportation affects all other issues facing rural schools and deepens their severity. In many rural communities there is no public transportation. Adults frequently do not own a car. And, decent jobs are in distant places that require a long commute. As a consequence, rural children do not have easy access to services they need such as seeing a doctor, getting to child care, or participating in pre-school or after-school enrichment programs.[22]

A High Quality Rural Education Program has Underlying Fundamental Principles.

In defining an "adequate" education the REC Group identified nine fundamental principles that are essential to form the foundation for a high quality education system. While these principles apply to rural students in particular, the REC Group believes they should apply to all students and schools as well.

> The focus of a high quality education program should not simply be on whether every child can achieve at the same level; it should also ensure that every child receives the quality of education and support services that enables him or her to realize their full potential.

1. All students, regardless of their place of residence, race, disability, or economic background, are capable of learning and achieving at higher levels if they are provided with sufficient educational opportunities and resources.
2. Every rural student has a fundamental right to a high quality education in a school located near his or her home.
3. "Educational adequacy" should not be defined in terms of a "minimum" education. Rather, it should be directed towards students meeting challenging and high educational standards, goals, and outcomes;
4. High educational standards and outcomes associated with an high quality education program include: higher levels of student achievement judged not simply by test scores but by multiple measures; high graduation rates; low student discipline rates; ability to participate in higher education; ability to get a job that pays a living wage; and, preparation for life beyond the academic world in areas such as community service, acting justly, generosity, sound decision-making and personal integrity;
5. Due to historical under-funding of education that has resulted in many students being denied the opportunity to receive a quality education, states have a responsibility to provide schools and students with the necessary resources, programs, and support services to eliminate the impact of past deprivations;

[21] Save the Children, *supra*., pp 12-13.
[22] *Ibid.,* at p. 12.

6. The focus of a high quality education program should not simply be on whether every child can achieve at the same level; it should also ensure that every child receives the quality of education and support services that enables him or her to realize their full potential;
7. Schools and school officials must be held accountable for education funds they receive and for their performance in meeting high educational standards, goals, and outcomes; and
8. States have a responsibility to build the capacity of local schools and their leaders to implement reforms that are essential for a high quality education.
9. Parents, students, and communities must be meaningfully involved in the education process, school governance, and defining and developing a high quality education program.

There are Better Ways of Communicating the Concept of an "Adequate Education" to Rural People and Communities.

In order to decide what an "adequate" level of funding for schools is, two questions first need to be answered: (1) What is the purpose of schooling? (2) What should students know and be able to do if provided a high quality education? The answers to these two questions represent not only the state's vision of a high quality education, they also form the foundation for educational standards, goals, objectives, and student outcomes that are expected if the state's vision is to be realized.

Simply put; the term "adequacy" does not resonate with everyday people. And, to the extent it does, it means something less than "high quality." Until a better definition is developed, rural people, and indeed the general public, are less likely to understand the debate about school finance and support efforts to provide sufficient funding for schools.

Earlier in this paper, the REC Group voiced its concern about the use of the term "adequate" to describe the resources needed to offer students a high quality education. As noted, this terminology represents a significant "disconnect" in vocabulary and understanding between school funding reformers on one hand and parents and grassroots people on the other. Simply put; the term "adequacy" does not resonate with everyday people. And, to the extent it does, it means something less than "high quality." Until a better definition is developed, rural people, and indeed the general public, are less likely to understand the debate about school finance and support efforts to provide sufficient funding for schools.

In light of its concerns about the term "adequate," the REC Group considered various messages that may help further communicate to rural people and communities the idea of a "high quality education" for all students. Below, the REC Group offers five examples of messages that may help address this need:

1. A high quality education offers students opportunities to obtain a meaningful high school diploma that prepares them to find a decent job that pays a living wage, participate in higher education opportunities, and to actively participate as a citizen;

2. A high quality education is a "first rate education" that prepares students to be good citizens capable of supporting a strong, healthy family;

3. A high quality education prepares students to become good people you would like to have living in your community and neighborhood;

4. A high quality education corrects past policies that may have unjustly denied students a high quality education by providing students with "justice funding" that enables them to catch up

and reach their full educational potential;[23] and

5. A high quality education prepares students to be good citizens who are involved in their communities, act justly and generously, and make sound life decisions.

Community Involvement and Engagement are Essential in Defining a High Quality Education.

What is a high quality education and how much does it cost to provide it to students? There are a variety of stakeholders—educators, business, parents, students, policymakers and the general public—that have different perspectives in answering this question. These divergent views can lead to vastly different conclusions about what amount of funding is needed to meet high standards. Given the above perspectives, the REC Group believes it is essential for states to involve a broad spectrum of stakeholders in defining the meaning of a high quality education. Regrettably, however, most existing methods to determine the educational standards and goals for an adequate education program, and its cost, do not allow for the meaningful involvement of parents, students, communities, or the general public. An open and inclusive process that encourages broad-based involvement by all education stakeholders will help ensure that diverse perspectives about an "adequate education" are considered and that there is strong public support for ultimate decisions made about a high quality education program—decisions that, in the end, may require a greater investment of public resources as well as tax increases. Most importantly, though, defining adequacy through an open and broad-based process will lead policymakers to make better decisions about the purpose of public education and the amount of funding necessary to achieve it.

States Must Take into Account the Rural Perspective on the Component Parts of a "High Quality" Education Program and Their Cost in Rural Places.

In order to determine the amount of funding schools need to provide all students with a meaningful opportunity to receive a high quality education, a number of states are using costing-out studies. In

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[23] One of the REC Partners, Southern ECHO, is developing the concept of "justice funding" as a means of communicating to grassroots people what a high quality education is. "Justice Funding" is rooted in the following framework:

1. That the deprivation of and discrimination within public education for children of color and low-wealth has been a matter of intentional official state and local policies;
2. Therefore, the state has a duty and responsibility, morally and legally, to eliminate the impact of past deprivations and discrimination that have resulted from intentional official state and local policies;
3. Therefore, the state and local school districts have a joint duty and responsibility to level the playing field for all children of low-wealth and color by providing all necessary and appropriate funds, resources, programs, and support services to eliminate the impact of past deprivations and discrimination;
4. That the standard for evaluation and assessment of whether past deprivation and discrimination has been effectively eliminated must be based on *actual outcomes* for students, as opposed to good intentions;
5. That the standard for *outcomes*, while the playing field is being leveled and thereafter, must be based on delivering to all public school students a quality, first-rate education, and quality, first-rate support services, rather than the minimum education that may be defined in existing state constitutions, or as limited by the current willingness of legislators to support public education; and
6. That the issue is not whether every child can achieve at the same level, but that every child receives the quality of education and support services that enable each child to realize his or her capacity and to achieve up the level of which they are capable.

(See *Justice funding: Experimenting with the language of struggle to clarify policy and strategy choices—a working paper.* (2005). Jackson, Mississippi: Southern Echo.

looking at "educational adequacy" for this report, the REC Group relied on the costing out approach recently used in Kentucky and Arkansas that identifies specific educational strategies and components that represent "state-of-the-art knowledge" about education effectiveness based on research. Once these "educational ingredients" are identified, the cost of delivering them in schools is determined. The methodology allows for variations in per-pupil funding based on the unique needs and circumstances of students and/or school districts. **Based on its analysis, the REC Group believes that, as a general rule, states will need to invest greater education resources in rural schools than other schools in order to offer students a high quality education.** Set forth below is the REC Group's analysis of the educational strategies and components it believes are essential for an adequate education program in rural communities.

As a general rule, states will need to invest greater education resources in rural schools than other schools in order to offer students a high quality education.

- Preschool for 3- and 4-year-olds—Access to high quality preschool is an essential education strategy for 3- and 4-year-olds, and rural students should have full access to such programs. Research shows that high quality early education enables students, especially low-income students, to enter the K-12 system better prepared to learn.[24] The REC Group believes that preschool opportunities should be extended to all 3- and 4-year-olds, not just low-income students. They also believe that rural schools face unique challenges and higher costs in offering children early education programs. Long distances and a sparse population define many rural areas. Long bus rides take a toll on all children, but they can cause even greater harm to younger children. For this reason, preschool should be offered in schools or community centers close to a child's home. Because of their isolation, rural communities may also face unique challenges in recruiting, retaining, and paying quality preschool educators. Moreover, while non-profit or community groups often are better positioned than schools to provide preschool services, in rural places there are fewer such organizations and those that exist are not adequately funded.
- Full-day kindergarten— Researchers have concluded that full-day kindergarten, like pre-school, has significant positive effects on student learning in the early grades especially for students from low-income families.[25] Therefore, for this and reasons listed above for preschool programs, rural students should be provided with full-day kindergarten programs located as near as possible to their home. To achieve this goal, rural schools may need to offer kindergarten programs at places other than the nearest schoolhouse—for example, at a rural community center.
- Smaller classes and multi-age grouping of students—Class size should be reduced to no more than 15 students in Kindergarten through Grade 3 because research shows that small classes of 15 or less in the early grades have a significant, positive impact on student achievement in mathematics and reading. The impact is even greater for students from low-income backgrounds.[26] Many rural schools, with their small student bodies, are uniquely positioned to offer students smaller classes. They also frequently are able to combine smaller classes with another effective education strategy—multi-age grouping of students. The REC Group believes that smaller classes should not end after the 3rd Grade; given their proven educational value, they should be the norm in Grades 4-12 as well. Regrettably, smaller

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[24] Slavin, R.E., Karweit, N. & Wasik, B. (1994). *Preventing early school failure: Research policy and practice.* Boston: Allyn & Bacon.

[25] Fusaro, J.A. (1997). The effect of full-day kindergarten on student achievement: A meta analysis, *Child Study Journal*, 27 (4), 269-277.

[26] See, Tennessee STAR Project. Tenn. Dep't of Educ., *Student/Teacher achievement ratio, Tennessee's K-3 class size study* (1999), *available at* http://www.heroes-inc.org/star.htm.; and Ginn, J.D. et al. (April 2001). *The enduring effects of small classes*, 103 Tchrs. C. Rec. 2.

classes and multi-age grouping of students are threatened when rural schools are closed and consolidated into schools with larger student bodies. Smaller rural schools capable of offering students smaller classes and multi-age grouping should be preserved, fortified, and adequately funded.

- Smaller schools—A wide body of research shows that smaller schools with their intimate learning environments offer students a number of educational advantages over larger schools. They produce better academic results, improve student behavior, foster higher rates of student participation and parental involvement, and graduate a greater percentage of their students.[27] When these advantages are taken into account, it is clear that small schools provide the solid foundation necessary to support other effective educational strategies such as providing students with highly qualified teachers and an enriched, challenging curriculum.

  In rural areas, where the student population is sparse and drawn from a large geographic region, schools may need to be even smaller. A school is too big if it puts students at-risk when it discourages parent involvement and student participation, makes students endure lengthy bus rides, or interferes with each student being treated as an individual.[28] For these reasons, small-scale schooling is an essential component of an adequate education. The REC Group believes that smaller schools, with their many advantages, should be made available to all students whether they live in urban, suburban, or rural areas. This highly effective educational strategy, however, is lost when small rural schools are forced to consolidate into larger schools. Smaller schools may have marginally higher annual costs per pupil due to their size, but because they often have higher graduation rates, their cost per graduate is very competitive with larger schools.[29] With adequate funding, they are a cost-effective investment that can provide significant educational advantages to students over the long run.

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- High quality teachers—Skilled teachers, who have high expectations for students and employ effective teaching strategies, are the linchpin of an adequate education system and every rural student should have access to such teachers.[30] High quality teachers should meet reasonable state licensing and certification requirements. But teaching quality requires more than a degree and a certificate. In today's classrooms, teachers need skills in instructing students with diverse ethnic backgrounds and learning styles. Research shows that programs that offer teachers ongoing support and professional development are among the most important strategies available to improve instruction and student outcomes.[31] Teachers need time to participate in professional development programs. Extending the work-year for teachers or building in additional days for professional development during the school

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[27] See Cotton, *supra*; and Raywid, M.A. (1997/98). Synthesis of research: Small schools: A reform that works. *Educational Leadership*, 55(4), 34-39.

[28] *Dollars and sense: The cost effectiveness of small schools*. (2003). Washington, DC: Rural School and Community Trust, KnowledgeWorks Foundation, and Concordia, Inc.

[29] Funk, P. E. & Bailey, J. (1999). *Small schools, big results: Nebraska high school completion and postsecondary enrollment rates by size of school district*. Nebraska Alliance for Rural Education.

[30] See Darling-Hammond, L. (2000). *Teacher quality and student achievement: A review of state policy evidence*, 8 Educ. Policy Analysis Archives 27.

[31] Garet, M.S., Porter, A., Desimone, L., Birman, B. & Yoon, K. (2001). What makes professional development effective? Results from a national sample of teachers. *American Educational Research Journal*, 38(4) 915-945.

calendar are effective approaches. Teachers also need time during the regular school day for mentoring, collaborative planning, daily professional development and review, and refinement of curriculum. Likewise, school-based "instructional facilitators," "mentors," and "helping teachers," are essential to provide teachers with ongoing coaching and support.[32]

The implementation of these strategies in rural schools can be challenging given the sparseness, distance, and isolation that characterize many rural places. These barriers to professional development, nevertheless, can be broken down through the effective use of the latest technology. One promising approach involves Education Renewal Zones (ERZ's) that link rural schools to each other and to state teaching colleges and universities to support both student instruction and professional development.[33] Supporting high quality teaching in rural schools through professional development is essential in an adequate education program and providing teachers with high quality opportunities may require marginally higher levels of funding in rural areas.

- Adequate and equitable pay for teachers—Providing students with the teachers that epitomize a high quality education program requires that they be paid "adequately," meaning that compensation levels are set so they are sufficient to attract and retain high quality teachers in all areas of a state. Recruiting and retaining quality teachers is highly competitive and rural schools must be able to compete on three fronts:

    1. They must compete with pay for other professions because, in general, teachers are not compensated as well as others professionals;
    2. They must compete with surrounding states that may pay their teachers substantially more; and
    3. They must compete with other schools in their own state.[34]

Increasing teacher pay across the board to an "adequate" level will help address the first challenge by elevating salaries to a point where they approach what other professionals earn. To meet the second challenge, teacher pay in a state must be increased so it is competitive with what surrounding states pay in order to reduce the out-migration of teachers caused by regional pay disparities. The final challenge involving in-state pay disparities can only be addressed by ensuring that teacher compensation is equitable and fair within a state's borders.

Wealthy districts frequently supplement their teacher's salaries while rural teachers languish at the bottom of the pay scale. This phenomenon has created a wide and persistent teacher pay gap in many states. School districts in wealthier areas should not have a competitive advantage over rural and low-wealth schools in efforts to attract and retain quality teachers. Some states justify higher levels of teacher pay in suburban and urban places by focusing on differences in the cost of living; for instance by arguing that housing costs more in these places. While living costs vary by location, cost of living adjustments do not capture the reality experienced in many rural settings that often are less attractive places to work due to isolation, poverty,

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[32] See, Picus, Odden & Fermanich, Kentucky, *supra*.
[33] Williams, D.T. (2004). Education renewal zones: An emerging concept for school and community improvement. Washington, DC: Rural School and Community Trust. http://www.ruraledu.org/misc/erz.htm.
[34] Jimerson, L. (2003). *The competitive disadvantage: Teacher compensation in rural America,* p. 10, Washington, D.C.: Rural School and Community Trust.

inadequate housing, or a lack of social amenities. Moreover, in some instances, the cost of living in a remote, rural place may actually be greater than in other places, e.g. food and transportation costs. But even if rural communities have a lower cost of living, their teacher salaries may need to be higher—not lower—in order to recruit and retain quality teachers.[35] The competitive marketplace for highly qualified teachers in a state should dictate what teachers are paid, not the relative price of housing. In other words, what it costs the district to get a good teacher to teach and remain in the place matters when considering teacher salary ranges. The preferred solution, therefore, is to adjust salaries for the "cost-of-educational-staffing" needed to ensure that rural schools have the extra funding they need to attract highly qualified teachers to live, work, and remain in their communities.

- Effective school leaders—As with teachers, researchers have concluded that effective and competent leaders who support teaching and learning at high levels are essential in a high quality education program.[36] To get and keep such leaders, schools must offer both professional development and adequate compensation. As with teachers, given the challenge of attracting high quality leaders to rural areas, the REC Group believes that rural schools may need to pay some leaders more than many other schools in a state. While high quality school administrators are essential for rural schools, having one does not necessarily require higher levels of funding. Rural schools often are uniquely positioned to employ nontraditional school leadership models. Given their smaller size and remoteness, rural schools may be able to pool their resources and jointly hire a school superintendent to serve a number of school districts. Rural schools in a number of states are currently using such cooperative models effectively.[37] Not only do these approaches reduce educational costs, they also can prevent school closure and consolidation, allowing smaller schools and districts to retain the significant benefits of their size.

- High quality curriculum—An enriched and authentic curriculum that promotes rigorous academic work with value to a student's community is a hallmark of a high quality education.[38] Offering such a curriculum in rural schools can be challenging given their small size and remoteness, but it can also be easier to implement, given the flexibility and teacher communication that is possible in smaller schools. Some of the challenges for small rural schools can be effectively addressed using technology that makes it cost effective to offer students a broad spectrum of courses, including advanced and foreign language courses, in small settings. To be effective a curriculum must also be relevant for students. A high quality curriculum essential for an adequate education can be offered to rural students with only marginally higher costs if schools have the tools available to employ distance-learning strategies to instruct students.

States need to adjust salaries for the "cost-of-educational-staffing" needed to ensure that rural schools have the extra funding they need to attract highly qualified teachers to live, work, and remain in their communities.

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35 Prince, C. D. (2002). *Higher pay in hard-to-staff schools: The case for financial incentives.* Arlington, VA: American Association of School Administrators.

36 See Cheng, Y.C. (2002) The changing context of school leadership: Implications for paradigm shift. Published in: Leithwood, K. & Hallinger, P. (eds.). *Second international handbook of educational leadership and administration*. Norwell, MA: Kluwer Academic Publishers; and Leithwood K. & Jantzi, D. (1999). Transformational school leadership effects: A replication. *School effectiveness and school improvement.* 10: 451-479.

37 See *Alternative Ways to Achieve Cost Effective Schools in Arkansas.* (2003). Wash. D.C.: Rural School and Community Trust, at http://www.ruraledu.org/docs/arkansas/Alternatives_to_Consolidation12-08-03.pdf

38 Haycock, K. (2001, March). *Closing the achievement gap*. Educational Leadership, 58(6), 6-11.

- Targeted strategies for "at-risk" students—Rural places frequently have significant numbers of "at-risk" students. At-risk students include children living in poverty, students who are minorities, mentally and physically disabled students needing special education services, and Limited-English Proficient (LEP) students.[39] As a general rule, these students are not achieving to their fullest potential and there are wide and persistent gaps in achievement. In light of their educational disadvantages, there is universal recognition that it costs more to educate at-risk students than regular students. As a result, an "adequate" education program must fully recognize these additional costs. While most state education funding systems provide schools with some extra funding for at-risk and other high-need learners, the amount of funding is woefully inadequate. At best this reflects a lack of political will on the part of policymakers to educate all students. At worst, inadequate funding is due to a history of indifference. Regardless of its cause, the lack of adequate funding for at-risk students is regrettable because researchers have identified a number of educational strategies that require additional funding to implement and are effective in meeting these students' needs including: smaller schools; preschool; tutoring; after school and summer school programs; smaller classes: accelerated learning programs; and specialized instruction for LEP students.[40] While a number of states provide schools with some extra funding in the form or supplements or "weights"—e.g., a low income students counts as 1.2 students for funding purposes—in financially strapped rural schools, these arbitrary supplemental funding programs normally do not reflect the actual cost of educating at-risk children.[41] In addition to inadequate funding for high needs students, rural areas frequently lack the social services, non-profit, and philanthropic infrastructure which schools in wealthier areas rely on to supplement education services.

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- Quality school facilities—Safe and decent school facilities are an essential part of an adequate education program because researchers have noted a link between the quality of school buildings and student learning.[42] Common sense also suggests that it is difficult for teachers to teach and for students to learn in places that have leaking roofs, rotting floors, and inadequate lighting, heating, and air conditioning. Moreover, dilapidated school buildings send a message to children that they and their education are not valued. Rural students, like all students, are entitled to attend a school in a building that is healthy, safe, and conducive to learning. Yet, historically rural school facilities have been ignored, neglected, and under-funded because states tend to rely on local communities to pay all or most of the costs of school repairs and maintenance.[43] Rural

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[39] See Drazen, S. (1992). *Student achievement and family and community poverty: Twenty years of education reform*; Jencks, C. & Phillips, M. (1998). *The black-white test score gap*. Washington, DC: The Brookings Institute.

[40] Carey, K. (2002). *State poverty-based education funding: A survey of current programs and options for improvement*, Center on Budget and Policy Priorities, Washington, DC.; and Schwartz, W. (2001). *Closing the achievement gap: Principles for improving the educational success of all students*. ERIC Digest. 460191, New York, NY: ERIC Clearinghouse on Urban Education.

[41] For example, one or two autistic students may require extraordinary and expensive services that are well beyond the reach of the typical rural school district budget even when state supplements are taken into account.

[42] See Schneider, M. (November 2002). *Do school facilities affect academic outcomes?* National Clearinghouse for Educational Facilities, available at http://www.edfacilities.org/pubs/outcomes.pdf; Schneider, M. (August 2003). *Public school facilities and teaching: Washington, DC and Chicago*. Washington, DC: 21st Century School Fund, available at http://www.21csf.org/csf-home/Documents/Teacher_Survey/SCHOOL_FACS_AND_TEACHING.pdf; and Chan, T.C. (1996) *Environmental impact on student learning*, ERIC Clearinghouse, Doc. No. 406722.

[43] See generally, McColl, A., Malhoit, G, (2004). R*ural school facilities: State policies that provide students with an environment that promotes learning*. Washington, DC: Rural School and Community Trust.

schools, given their age and a lack of adequate funding, are less likely to meet the requirements of environmental, fire, and safety codes or be wired to support technology. While addressing these basic needs, an adequate funding system will also ensure that rural students have access to high quality school facilities that support learning at a high level. In order to offer students adequate school facilities, states may need to make a greater investment of resources in rural places—especially if they have a backlog of facility needs, high levels of poverty, and a low tax base.

- Technology—Access to technology is crucial in today's schools. Given the enormous potential of distance learning for rural schools and the universal necessity for today's students to be "computer literate," an adequate education system must ensure that the technology needs of rural students are addressed. Some researchers have documented a positive impact on student test scores where technology is linked with instruction using a high quality curriculum.[44] Technology is also critically important for rural schools because long distances and sparse populations define many rural places, making it difficult and potentially expensive to offer students a high quality curriculum. Technology is the vehicle through which small rural schools can offer students an advanced, varied, and cost-effective curriculum.[45] Moreover, rural educators often cannot easily access professional development opportunities located in distant population centers. Technology, however, can bridge long distances by providing educators with readily available professional development.

  An adequately funded education system should enable all schools to develop a substantial technology infrastructure to link them to the Internet and each other. At the school level, investments in computer hardware and software should not be seen as one-time costs; they should be viewed as ongoing expenses that need to be maintained. Modest up-front investments in technology, coupled with a marginally increased annual technology budget, can enable rural schools to offer a full curriculum to students while also supporting professional development for teachers.

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- Instructional supplies—Sufficient numbers of up-to-date books are essential for a high quality education program. Students also need access to well-equipped libraries, media centers, and laboratories in order to learn, prepare them to think critically, and enhance their readiness for higher education opportunities.

- Transportation—A safe and reliable school transportation system is an essential component of an adequate education program. In rural communities, with their high rates of poverty, sparseness, and lack of public transportation, school transportation systems take on even greater importance than in other schools. School buses should be well-maintained, safe, and sufficient in number to address the needs of students. Rural bus routes should be as short as possible so students do not have to endure long bus rides. Indeed, a leading reason why consolidation of rural schools should be avoided is the harmful long bus rides imposed on students. Many states use funding formulae for transportation expenses that take into

[44] Waxman, H.D., Connell, M.L., & Gray, J. (2002). *A quantitative synthesis of recent research on the effects of teaching and learning with technology on student outcomes.* Oak Brook, IL: North Central Regional Educational Laboratory, available at www.ncrel.org/tech/effects.

[45] See Hobbs, V. (2004, April 7). *The Missouri educational renewal zones.* Washington, DC: Rural School and Community Trust, available at http://www.ruraledu.org/docs/kellogg/hobbs.pdf.

account the number of students transported, miles traveled, and the density of the student population. Regrettably, many of these adjustments are insufficient to compensate schools for the real costs of transporting students in rural places. States may need to invest greater resources in rural schools to reflect the true cost of transporting students, but these potential higher costs may be substantially reduced by states adopting and implementing policies that promote and preserve small, community-based, rural schools.

- Student support, family outreach, and parental engagement and involvement—A high quality education program should offer support for students and families, while also seeking to involve parents and community members in the educational process and governance of schools. The more disadvantaged a school's student body, the greater the investment needed to support student and parent outreach programs.[46] Small schools have been found to foster greater parental involvement than larger schools and, therefore, small schools should be promoted and preserved. But even allowing for their small size, the distance between schools and parents' homes presents rural schools with formidable challenges in reaching out to parents and students. Schools also need funding to work cooperatively with non-profit and community organizations to train and organize parents in becoming effective advocates for their children and school improvement. While small rural schools tend to generate higher levels of parental involvement necessary for an adequate education they, nevertheless, will need a greater investment of resources in order to meaningfully involve parents in their child's education.

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- Extra-curricular activities and participation in community—A high quality education program includes the opportunity for students to participate in extra-curricular activities in such areas as music and the arts, language and culture, and athletics. Schools should also offer students the chance to become involved in their community. In order to incorporate community engagement and involvement into the curriculum, a number of rural schools have developed a curriculum based on the history, culture, economy, and environment of students' local communities. This approach, known as "Place-Based Education," not only draws on the community for instruction, it also enables students to make contributions to the places in which they live.[47] A place-based education program may cost slightly more to develop and implement. However, in light of its effectiveness in engaging students, state policies and funding should support it.

The Impact of State Supplemental Funding Programs on Rural Schools.

The public education system in most states begins with the State allotting schools a "basic" amount of funding per student based on the assumption that this amount is what every child needs. Under this "foundation" grant approach each school district receives the same amount of funding for every student enrolled in the district. A similar approach allots funding to schools based on teacher positions needed to maintain a certain maximum class size—for example one teacher position for every 25 students in the school district. In either case, this foundation funding assumes that when

[46] See Odden, et al, Arkansas, *supra*; and Brabeck, M.E. & Walsh, R. Latta (2003). *Meeting at the hyphen: Schools-universities-communities-professions in collaboration for student achievement and well being, the one-hundred and second yearbook of the National Society for the Study of Education*, Part II. Chicago: National Society for the Study of Education.
[47] See *Engaged institutions: Impacting the lives of vulnerable youth through place-based learning.* (2003). Washington, DC: Rural School and Community Trust, available at: http://www.ruraledu.org/docs/kellogg/kellogg.pdf.

education dollars are added together for an entire school district or school, they are sufficient to buy the teachers, books, buildings, buses, and other "educational inputs" necessary to educate the majority of children.

On top of this foundation or basic level of funding, a majority of states have adopted funding policies that provide schools with supplemental, extra or "weighted" funds to reflect the higher cost of educating students who have greater educational needs. Typically, these students are poor, speak limited English, or are disabled.[48] Furthermore, in addition to supplemental funding for students, several states provide schools with extra funding in the form of "categorical grants" to address particular school district characteristics that add to the cost of education. An example would be a state providing smaller school districts with more funding in light of their higher operating costs. These systems of pupil supplements and categorical programs vary dramatically from state to state and it is beyond the scope of this report to describe them in detail.

Traditional state funding mechanisms cannot and do not sufficiently reflect the "real" costs of educating students in most rural settings.

As noted throughout this report, delivering the educational strategies and programs necessary to educate rural students to high state standards will likely cost more than educating students in other regions of a state. As a result, in order to be deemed "adequate," a state's education funding system necessarily must reflect these higher costs. Some policymakers and school finance experts believe that the higher costs of operating rural schools are sufficiently dealt with through states' basic per-pupil funding allotments coupled with supplemental and/or categorical aid programs. **The REC Group does not agree with this assessment. Instead, it concludes that traditional state funding mechanisms cannot and do not sufficiently reflect the "real" costs of educating students in most rural settings. There are three reasons for this conclusion.**

1. More frequently than not, the base per-pupil funding that states provide to all schools is generally not sufficient to offer all students a meaningful opportunity to receive a high quality education. Consequently, virtually every state's funding system is fundamentally flawed by overall inadequacy that affects the foundation for a high quality education in rural and urban schools.

2. Existing pupil supplements, weights, and categorical programs have generally been developed through the same process of political compromise that characterizes most state school finance decisions. In other words, in determining supplemental funding for students and schools, policymakers do not begin by determining what students and schools need; instead they decide how much money they are willing to spend on such programs and then allocate it among schools. Most states have not attempted to examine the "real" educational costs of educating discrete groups of disadvantaged students. Even less analysis has been done on potentially higher educational costs based on school district characteristics such as poverty concentration or district size. As a result, existing supplemental and categorical funding mechanisms bear little or no relationship to actual student or school need. They are, therefore, generally grossly inadequate.[49]

[48] Under these supplemental funding systems a low-income student, for instance, may count as 1.2 students for funding purposes resulting in schools receiving 20% more funding for such learners. Forty-three states and the District of Columbia include pupil weights or adjustments in their finance formulas.

[49] Ironically, legislators in many states appear far more willing to determine the cost of offering rural schools financial incentives to consolidate rather than determining the amount of funding necessary to preserve and strengthen them.

3. Even where states have developed supplemental and categorical aid programs they do not necessarily constitute a comprehensive response to student or school needs. For example, while virtually all states offer extra aid to schools for disabled students, many states provide little or no extra funding for low-income or LEP students. Likewise, only about half of the states supplement education funding based on a school district's size, declining enrollment, population density, or sparseness. This patchwork of supplement funding programs does not add up to a comprehensive program capable of offering all rural students the opportunity to receive a quality education.

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State Education Funding Formulae and Systems Should Be Restructured to Reflect the Higher Costs of Operating Rural Schools

The REC Group recognizes that any effort to create a "high quality" state education system must begin by providing schools with a base amount of per-pupil funding sufficient to educate regular students to high standards. This is what many states have recently been working to achieve through the use of costing-out studies. But once a sufficient base per-pupil cost has been accurately determined, the question becomes: How should states address unique student needs and/or community characteristics that may add to the cost of education? The REC Group proposes four steps that school finance consultants, education leaders and state policymakers should take in order to more accurately reflect the "real"—and generally higher— costs of offering rural students an adequate education.

1. **Provide Schools with Resources Under Supplemental Funding Programs Based on Actual Needs and Costs**—Existing supplemental funding programs, whether they focus on student needs or school district characteristics, are generally not funded at an adequate level. They are, nonetheless, likely to remain in place for the foreseeable future. Until new and better approaches are developed to gauge the actual funding needs of rural students and schools, the REC Group recommends that states conduct "adequacy" analyses of existing pupil supplements and categorical programs to determine their sufficiency. States should then fully fund schools at these supplemental levels. Where supplemental funding programs are not currently in place—especially programs related to disadvantaged students, population density, community wealth, declining enrollment, and school district size—states should determine their actual cost and fund them as well.

2. **Use Panels Made Up of Rural People to Determine the Actual Cost of Rural Education**—Most studies to determine the cost of an "adequate" education bring together panels of educators who identify the component parts and education strategies necessary for a high quality education program. Based on the work of these panels, school finance experts put a price tag on these essential education strategies and programs. Occasionally, these panels have been broken down into sub-panels that look at costs according to the size of schools within a state. While a few studies and panels have looked closely at geographic variations in a state that might affect costs, to date no state study has focused its attention on the singular question of what it costs to educate rural students to high standards. To remedy this, the REC Group recommends that future costing out studies employ techniques to determine the "cost of rural education" in addition to the "general" cost of education in a state. To achieve this goal, school finance consultants should begin using panels made up of

rural educators, parents, students, and community members to define and determine an adequate rural education in a given state. The results of such panels should then be incorporated into a state's school finance system and supplemental aid programs.

3. **Competitive Pay for Rural Teachers**—As noted, rural schools generally are not able to pay their teachers enough to keep pace with suburban and urban schools. As a result they cannot effectively compete with other school districts for quality teachers. Rural schools often are also unable to offer sufficient pay to attract and retain teachers to work and live in rural and remote areas. Given the importance of teachers in the education process, the REC Group believes that states should develop teacher pay policies that put rural schools on equal footing with other schools in the competition for high quality teachers. Rural schools must be provided with sufficient supplemental funding to attract teachers to work in "hard-to-serve" and "hard-to-staff" areas of a state.

> States should develop teacher pay policies that put rural schools on equal footing with other schools in the competition for high quality teachers.

4. **Create a New Funding Concept—a "Rural Funding Index"—to Adequately Reflect the Unique Circumstances, Needs, and Costs of Operating Rural Schools**—States currently use limited, inconsistent and often "irrational" approaches to supplement funding for schools, especially rural schools. These approaches, while providing help to some rural districts, are not sufficient to offer the majority of rural students a quality education consistent with high state standards. A rural school district must be able to educate "disadvantaged" learners, while also responding to the added challenges posed by remote and isolated location, geographic sparseness, small size, declining student enrollment, high transportation costs and low community wealth. These diverse factors are not and cannot be fully or fairly addressed in traditional school funding formulae, pupil supplements, or categorical programs. Consequently, the REC Group concludes that there is an urgent need for a new concept in education finance that fully acknowledges and reflects the needs, circumstance, and costs of offering a high quality education in rural settings. The REC Group recommends that school finance experts and consultants conduct the necessary research and analysis to create a "rural funding index" that accurately measures the resource needs of rural schools and their students in any given state. This approach would weigh a variety of rural school and student characteristics—e.g., geography, poverty concentration, student population, community wealth, social and cultural amenities, transportation needs, etc.—and reflect those factors in the form of an "index value." Once the index value for individual rural districts is determined, it could be used to judge their need for additional financial resources. A handful of education researchers have scratched the surface of this idea but their efforts need to be updated, expanded, and hastened.[50] A "rural funding index" would not only offer rural schools the supplemental financial assistance they need to deliver a high quality education consistent with state standards, it would also serve as a rational and defensible funding mechanism.

[50] See Cleland, C.L., (1994, Oct. 22). *Measuring rurality.* Atlanta, Ga: Paper presented at the Southern Demographic Assn.

Conclusion

Creating and properly funding state education systems that offer students the opportunity to obtain a high quality or "adequate" education is perhaps the most challenging, yet vitally important issue facing state policymakers. But in order to offer students this opportunity—especially rural students—it is essential that states provide schools with sufficient funding. As this report has shown, rural communities, schools, and students possess a number of unique needs and circumstances that must be taken into account as states craft policies and funding that support high quality schooling. To be sure, the goal of offering a high quality education to each and every rural child is ambitious, but the REC Group believes that it can be accomplished with solid analysis and thoughtful policies backed up with a commitment to provide adequate funding for education. We hope that this report will add valuable information about rural schools and students to discussions about educational adequacy that, in the end, lead to all children enjoying the educational success to which they are entitled.

APPENDIX A

Summary of Four Leading Approaches to Determine the Adequate Level of Funding for School Districts

Successful School District Approach

The successful school district approach identifies districts that have successfully achieved state standards, and sets the funding level for adequacy at the average per-pupil expenditure level of such districts. Usually, the highest and lowest spending districts, the highest and lowest income districts, and large urban and sparse rural districts are eliminated from the analysis. Consequently, the typical sample of districts in this analysis includes suburban districts of average size and relatively homogeneous demographic characteristics, which generally spend below the state average.

Professional Judgment Approach

Under the professional judgment approach, several teams of local education leaders are created to identify effective school-wide strategies and their key ingredients (i.e., numbers of professional staff, educational programs, and other resources) that they believe would enable the professional staff to teach students to some predetermined standards level. The ingredients are then priced out and added up to determine the adequate fiscal base for a school. The base cost can then be adjusted for the differing characteristics of students and districts. This approach is one of the most popular methods states use to determine school finance adequacy.

Cost Function Approach

The cost-function approach employs a complex statistical analysis that seeks to match a per-pupil expenditure level with desired student performance levels or educational outcomes. The question this approach seeks to answer is: how much money per pupil is needed to produce a given level of student performance? The result of this mathematical computation is an "adequate" level of funding per pupil for the average district. Adjustments can then be made that take into account differences in pupil need and school circumstances. Because it is complex and hard to explain this approach has not been used extensively.

Evidence-Based Approach

The evidence-based approach, frequently combined with the professional judgment approach, identifies research-based educational strategies, costs them out, and then applies them to district and state expenditure levels. This system identifies a set of specific educational programs and strategies that are based on state-of-the-art knowledge about education effectiveness. Once the strategies and component parts of an adequate education system are identified, consultants put a dollar figure on their costs, add them up and arrive at the total cost of adequacy.