Facts and Figures: Comparing Funding Levels for Rural Schools By State

Question: In which ten states do funding levels vary the most between rural districts? In other words, in which states is the funding gap largest between high-wealth rural districts and low-wealth rural districts?

Hint: In most cases, the answer has to do with how heavily the state's funding formula relies on local wealth, usually local property taxes, to fund schools. In states that fail to offer extra assistance (or enough extra assistance) to districts where property values are low, there is more difference in how much money schools have to spend on educating their students. Be sure to read, "Equity and Adequacy in School Funding" in this month's issue of RPM.

Answer: In Idaho, some rural districts have twice as much combined state and local revenue for schools as other rural districts. Funding is even more unequal in Oregon, where some schools have two and a half times as much state and local funding. Other states where funding is the most unequal (inequality is higher than the national average) are: California, Texas, Massachusetts, Montana, Colorado, New York, Arizona, and Nevada.

Marty Strange Briefs U.S. Senate on i3, Title I

Editor's note: Links are free and current at time of posting, but may require registration or expire over time.

Staff representing more than 30 Senate offices and key committees were present on January 24th to hear Rural Trust Policy Director Marty Strange discuss the impact of the federal Investing in Innovation (i3) program on rural schools.

The bi-partisan briefing coincided with the release of “Taking Advantage: The Rural Competitive Preference in the Investing in Innovation Program,” an analysis by the Rural Trust.

In order to encourage proposals with a focus on rural education, the i3 competitive grant program offered two bonus points in the scoring system for “projects that would implement innovative practices... designed to focus on the unique challenges of high-need students in schools within a rural [school district]...” Nineteen of 49 funded projects received at least one bonus “rural preference” point.

But as Strange reported to Senate members and staff, most of the innovations did not originate in rural schools and have had little or no prior use in rural schools. Instead, most of the projects were designed for and will be implemented in urban schools with only enough rural participation to justify claiming the rural points. Only three proposals met the “Taking Advantage” analysis as authentically rural.

"We don't question the value of the projects that received funding," Strange emphasized. "We do question the extent to which they will make a difference in rural education, and we question the effectiveness of the bonus points in encouraging genuinely rural proposals.

See RPM, "RT Report: Few i3 “Rural” Grants Generating Rural Innovation" for more coverage of “Taking Advantage." Read the full “Taking Advantage” report presented to the Senate here, or read the Citizen Action version, with data summaries and background information, here.

Strange also presented information on the Title I program, which provides less federal funding for very low-income students in smaller districts than in larger districts, including larger districts with low percentages of students living in poverty. Title I, like i3, is not serving high-need rural students and their schools in an equitable manner.
Participants responded to the briefing with a range of questions, many focused on whether the Rural Trust would be able to have any influence on the U.S. Education Department's future direction of the i3 program. "We hope so," said Strange.

Robert Mahaffey, Rural Trust Communications Director, noted the strong and diverse Senate interest. "To have such great participation from Senate staffers, especially on the day before such a major event as the State of the Union is a sign that the rural issues in i3 and inequities in the Title I formulas are attracting a broad Congressional audience."

The briefing, hosted by the Senate Rural Caucus, concluded with a spontaneous round of applause.

To learn more about fairness for rural students in Title 1, go to Formula Fairness Campaign.

Read coverage of the briefing, including remarks from James H. Shelton, Assistant Secretary for Innovation and Improvement at the U.S. Department of Education, in Education Week.

**RT Report: Few i3 “Rural” Grants Generating Rural Innovation**

*Editor’s note: Links are free and current at time of posting, but may require registration or expire over time.*

The federal Investing in Innovation (i3) program did little to surface innovative solutions to the unique challenges of high-needs rural schools, despite the program’s stated emphasis on rural schools. That’s one of several important messages in a report released January 25th by the Rural Trust. The report also offers suggestions for how a federal grant program aimed at rural innovation could be structured.

“Taking Advantage: The Rural Competitive Preference in the Investing in Innovation Program,” authored by Rural Trust Policy Director Marty Strange, examines whether or not the i3 program attracted authentically rural proposals that focus on the challenges of high-need students in rural schools.

(You can read the Executive Summary [here](#) and the full report, including all charts and analysis, [here](#). The citizen action version, with background information and data summaries, is available [here](#).)

The i3 program included a “rural competitive preference,” meaning that in addition to the 100 possible base points for all proposals, applicants could receive one or two bonus scoring points for projects “designed to focus on the unique challenges of high-need students in schools within a rural [school district].” Rural districts are defined in i3 guidelines as those eligible to participate in one of the two federal Rural Education Achievement Programs (REAP).

“Taking Advantage” reports that 49 proposals were funded through i3, and 19 of these proposals received at least one rural bonus point. Yet most of these “rural preference” applicants have little experience in rural schools, and, in most cases, the proposed innovations were designed for or originated in urban schools. Further, most rural preference projects will serve primarily urban schools, with only a small percentage of the total effort going to rural schools or students.

According to the report, only three projects that won rural bonus points were based on “innovations that are expressly applicable in rural settings, focused on rural schools, and serving high-needs rural students.”

Rural Trust staff examined the documents of the 19 rural preference proposals that posted on the U.S. Department of Education i3 [website](#). The report analyzes the extent and nature of their rural program in these proposals, but makes no attempt to challenge i3 results or assess the overall quality of projects.

**Key Findings**

**Rural preference grants skewed to urban projects**

Almost 40% of applicants claimed the rural preference points, but in many cases, the “rural” effort was minimal. The Board of Education of the City of New York received a rural preference point simply for asserting that its innovation could work in a rural district.

**Few rural innovations, limited rural reach**

“Taking Advantage” reports that results of this analysis were disappointing.

Only three rural preference projects clearly originated in rural schools. Few proposals address how urban innovations will be adapted to rural settings, and just six applicants have sustained experience working in rural settings.

With two exceptions, the proposals are vague about how they will serve rural schools and whether schools are REAP-eligible or high-needs. Fewer
What were grant requirements?
Research evidence to support the proposed innovation; a 20% match; capacity to “scale up” the innovation to reach additional students.

Grant Categories: Applicants apply in one of three categories as follows:
- **Scale-up**: Grants up to $50 million; strong research evidence; scalable to national, regional or state level (1 million students, target).
- **Validation**: Grants up to $30 million; moderate research evidence; scalable to regional or state level (500,000 students).
- **Development**: Grants up to $5 million; research research-based findings or theories that have been previously attempted and tested; expected to further develop and scale (100,000 students).

Scoring:
Grants were scored on a 100-point scale with 1 additional “competitive preference” point for early education, college access, students with disabilities and Limited English Proficiency, and 2 points for rural districts that are eligible for one of the two federal REAP program.

Better Options Targeted to Rural Realities
"Taking Advantage" calls the rural competitive preference the “wrong remedy” for the serious challenges facing rural schools, and it asserts that competition is unlikely to unearth rural innovations. High-needs rural districts do not have the grant writers or foundation connections to compete with large urban districts and national non-profits, in part because they have seriously inadequate levels of funding.

For these and other reasons, rural districts might qualify for i3’s rural preference points, but not for enough of the basic 100 points to win funding. On the other hand, large institutional applicants could compete for the 100 basic points and also score the two bonus “rural” points with minimal rural effort.

The report offers several suggestions for ways to overcome these rural challenges with a carefully structured federal grant program focused on innovation rather than competition.

- A set-aside pool of funding available only to projects that address the unique challenges of high-needs rural schools would guarantee funding for innovative rural work.

- Priority for proposals where the lead applicant is a high-needs rural districts or a consortium would enhance collaboration and innovation at the local level.

- A program of “prior support” could provide additional lead time and technical assistance to rural districts to develop innovative work and collaborative structures rooted in their unique experiences.

And, a well-designed, innovation-driven research program could strengthen the research capacity of rural schools and stimulate external researchers to create research methodologies and generate information useful to high-needs rural schools.

Making Rural Matter
Rural schools share many common challenges with urban schools, yet they exist in a fundamentally different context with unique challenges. The i3 program, with a few exceptions, did not address these unique challenges. “‘Making rural matter,’ in the quest for innovation,” writes Strange, “will require greater attention to the distinct character of rural communities and greater reliance on rural people for their own ideas” and for ideas about how to adapt innovations generated in other places.

Read the Executive Summary, full report, and the citizen action edition.

Homelessness is a Rural Problem Too
*Editor's note: Links are free and current at time of posting, but may require registration or expire over time.*

Volunteers and others are spreading out across the nation this week to conduct a point-in-time count of homeless individuals. The count is required every two years (many states do it annually) by the Department of Housing and Urban Development (HUD). It is used to gather information to target resources and guide policy to address the homelessness problem. The number of individuals and families who have no permanent place to live is expected to increase this year in many states and communities.

One thing is for sure: the count will underestimate the number of homeless people, especially in rural areas.
While it is often difficult to identify homeless individuals and families, schools are legally required to provide specific services to students who are homeless.

**How is Homelessness Defined for Schools?**

If you have ever known a student whose family was staying with friends or family because of economic or other hardship, you’ve known a homeless student. A young person who stays with or bounces around between friends and relatives because he or she cannot live at home? This is a homeless youth, regardless of whether the parents have a home. Have you known of a student whose family is living in a camper or tent, an abandoned building, or seriously substandard house? This is a homeless child.

Homelessness is defined for schools by the [McKinney-Vento Act](https://www.ed.gov/about/offices/list/ope/mckinney-vento.html), federal legislation that covers a range of issues related to homelessness. The McKinney-Vento definition encompasses many of the kinds of homelessness that are most common in rural communities, including people who are staying with someone else or living in very substandard conditions. Students and families in these circumstances may be experiencing extreme stress, but many will not consider themselves “homeless.” Schools need to figure out ways to identify children who may be experiencing homelessness and how to approach their families, without offending them, to talk about available services and educational opportunities.

McKinney-Vento also spells out specific duties schools have toward homeless students. Some of these include:

- All school districts must have a designated staff person who serves as homeless education liaison responsible for identifying, communicating with, and assisting homeless children and youth and their families, regardless of whether the district is receiving money designated for homeless student services. Liaisons are also required to help with housing and health care needs.  
- Schools must immediately enroll homeless students without a residency verification, even if the student lacks normally required documents and records. Schools must to the extent possible keep the child enrolled in the school they have previously attended or the school they choose.  
- Schools must specifically mention free lunch eligibility.  
- Schools must provide transportation for the student to and from the school and provide additional transportation services comparable to those provided to other students. If a student is living in one LEA (school district) and attending school in another, the LEAs must work out transportation arrangements.  
- Schools may not segregate homeless students or provide services to them at off-site locations.  
- Schools are required to take steps to avoid stigmatizing homeless students and families.

**Why is homelessness underestimated in rural areas?**

Homelessness is hard to measure in any circumstance because homeless people have no address and no specific place to stay. While most people think of a person who has no job and lives on the street in an urban area as “homeless,” homelessness actually takes on many forms. In fact, some homeless people hold jobs and a growing number of homeless people are families with children.

Complicating the matter is the variety of definitions used to identify homeless individuals. The McKinney-Vento definition encompasses more ways in which individuals experience homelessness than does the HUD definition.

The HUD definition, which is used for many official purposes, is a much more narrow definition. It identifies as homeless a person who lacks a fixed, regular, and adequate night-time residence or who has a primary night-time residency in a shelter that is operated to provide temporary living accommodations.

The HUD counts do not include the kinds of homelessness that are most common in rural areas. This is one reason rural homelessness is undercounted.

Beyond the definition, the counting process is not as targeted to rural areas as to urban areas where homeless individuals are more likely to congregate. In part because few rural communities have homeless shelters.

**Read more:**

Additional resources on rural homelessness and schools’ responsibilities under McKinney-Vento:

- [www.endhomelessness.org/](http://www.endhomelessness.org/)  
- [www.raconline.org/info_guides/housing/](http://www.raconline.org/info_guides/housing/)  
Formula Fairness Campaign Continues to Grow

Editor's note: Links are free and current at time of posting, but may require registration or expire over time.

Southern Echo and the National Farmers Union are the latest two organizations to join the Formula Fairness Campaign to end discrimination against small and rural schools in the federal Title I formula.

Title I is the largest federal program that provides support to schools to help meet the educational needs of very low-income students. It is essential to schools and to children who face serious obstacles to educational achievement and opportunity. But since 2002, several of the formulas that govern how Title I funding is distributed among schools send more funding per eligible child to larger districts than to smaller districts.

The Formula Fairness Campaign is a national effort to make sure all students who qualify for Title I support, no matter where they live or attend school, receive an equitable share of Title I funding.

Southern Echo is a “leadership development, education and training organization working to develop effective accountable grassroots leadership in the African-American communities in rural Mississippi and the surrounding region through comprehensive training and technical assistance programs…”

The National Farmers Union “…has been working since 1902 to protect and enhance the economic well-being and quality of life for family farmers, ranchers and rural communities through advocating grassroots-driven policy positions adopted by its membership…”

For more information about the Formula Fairness Campaign and how your organization can participate or become a co-sponsor, contact Formula Fairness Campaign Coordinator Marty Strange.

Other co-sponsors of the Formula Fairness Campaign include: the American Farm Bureau Federation, Arkansas Rural Education Association, California Small Districts Association, Center for Rural Affairs, Challenge West Virginia, Michigan Small and Rural Schools Association, Minnesota Rural Education, Association, Missouri Association of Rural Education, Montana Small Schools Alliance, National Alliance of Black School Educators, National Rural Education Advocacy Coalition, North Carolina Rural Education Working Group, Organizations Concerned about Rural Education, Pennsylvania Association of Rural and Small Schools, Rural Community Alliance, Rural School and Community Trust, Save Alabama’s Small Schools, South Carolina Rural Education Grassroots Group, Texas Rural Education Association, and Vermont Rural Partnership.

Rural School Funding News Special Series:
Financing Rural Schools: Characteristics of Strong Rural School Finance Systems

In this series, Rural School Funding News is reviewing general principles of school finance and sharing information about school funding systems that support rural schools and their unique characteristics and needs. While there are no easy answers to questions about how to fund schools, especially in this economic climate, we hope that these articles will provide you promising practices, ideas for advocacy, and guidelines that are easily transferable in your analysis and work on your own school finance systems.

If you are new to the series, you can review a brief introduction to the subject and discussion of Characteristic 1: A Strong Foundation Formula, here; Characteristic 2: Effective Use of the Judicial System, here; Characteristic 3: Fair Accounting for Cost of Living and Geographic Differences, here; Characteristic 4: Recognition of the Benefits of Small Schools, here; Characteristic 5: A Balance of Revenue Sources for Schools, here; and Characteristic 6: Efficiency in the State Revenue System, here.

Characteristic Seven: Equity and Adequacy in School Funding

Equity and adequacy are school finance terms used so frequently in discussion that they seem almost interchangeable. But
they are actually two different, but interdependent and equally important, measures of a state’s school funding system and how well it provides educational resources and opportunity to all students and all schools.

A good state school finance system must provide an equitable share of funding resources to every student, that is, it makes sure some students don’t have a lot fewer resources and opportunities to be successful than other students do. **Equity** is about fairness. **Adequacy**, on the other hand, ensures that enough funding is available so that students and schools can meet high achievement goals. A finance system that is both adequate and equitable provides all schools with enough money to achieve what is expected and it distributes money in a manner that gives all students, no matter what their circumstances or where they live, the opportunity to be successful.

**Equity in School Finance**

Equity in school finance systems provides all students with the funding necessary to give them an equal educational opportunity — no matter what the student’s personal circumstance and no matter how much local wealth the school district has. It is important to note that ‘equitable’ is not the same as ‘equal.’ Equity recognizes that the amount of funding needed to provide a high quality education varies from student to student. Some students come to the educational process with greater needs, and therefore require additional funding to have an equal educational opportunity. Equity in school funding systems levels the playing field among diverse groups of students.

Equity is a horizontal comparison among students; it addresses the issue of whether all students been brought up to the same level of educational opportunity.

School finance systems that rely heavily on local property taxes to fund schools lead states into severely inequitable education systems. Property-poor and low-wealth districts are simply unable to provide education opportunities to their students at the same level as districts with many more local resources. Equity is missing.

Early school finance lawsuits were brought because of the lack of equity among school districts. The decision in California’s *Serrano v. Priest* case, one of the first such suits, described the goal of equity this way: “Although an equal expenditure level per pupil in every district is not educationally sound or desirable because of differing educational needs, equality of educational opportunity requires that all school districts possess an equal ability in terms of revenue to provide students with substantially equal opportunities for learning.”

**Adequacy in School Finance**

Adequacy is the amount of funding needed so that all students are able to achieve a high-quality education. There is no universal definition of an adequate education. Standards and requirements vary from state to state. Nevertheless, some measure is needed to determine adequacy. This measure may come in the form of standards laid out in state accountability laws or regulations that establish scores students must meet. Or, it could be provided through a “costing-out” study that determines a dollar amount needed to provide an adequate education based on characteristics of the state’s education system and the educational needs of various groups of students.

If equity is primarily a horizontal comparison, then adequacy can be thought of as a vertical comparison; it provides sufficient funding to raise all students’ achievement to high levels.

The standards and testing movement has provided a new legal theory for testing adequacy in school finance. That theory asserts that when states set standards and hold schools and students accountable, the state is responsible for providing the funding necessary to enable students to meet those standards. Using an adequacy analysis, courts have been able to consider how well states are doing in educating all students.

**Analyzing Your State’s Finance System**

Adequacy and equity are necessary companions. If a funding system is relatively equitable, but provides too few resources for students to achieve it is inadequate. Equity without adequacy destroys opportunity. If a funding system provides some students a minimal level of adequacy and other students many more resources, it distributes opportunity to learn very unevenly and is inequitable. Adequacy without equity also destroys opportunity.

A few basic questions and concepts can serve as a good starting place to determine whether equity and/or adequacy is lacking from your state’s finance system.

**Equity questions:**

- Is the share of resources each school receives commensurate with the need of its students? Are resources fairly distributed?
- Do all schools have access to sufficient funding?
- Are tax burdens fair for all taxpayers, based on their ability to pay?
- What role does local property wealth play in the school finance system? Do property-poor districts have fewer resources for education than property-rich districts?
Do per-pupil revenues and expenditures vary significantly for district to district?
How much variation is there among schools and districts?
Are these variations based on real differences in cost or some other consideration like the wealth or political power of local residents?
How much do variations in funding affect students?

Adequacy questions:

- Do all schools have access to sufficient funding?
- Does the state constitution set some standard of education, such as “thorough and efficient” or “free and appropriate?”
- Are there high numbers of schools and students not meeting high stakes assessments? Are they being subject to negative consequences for this?
- Is your state’s spending level very low compared to other states?
- Is the state’s share of school funding less than 50%?
- Are there large disparities in spending between rural and suburban groups?
- Are rural districts’ teacher salaries and support services well below state averages?
- Do a large percentage of rural districts have unsafe or outdated facilities?

All students should benefit from a funding system that treats them fairly and provides real opportunity to learn. The Rural Trust can help you as you work to improve your own state’s system. Call us for help.

**Wyoming Legislation Could Add Strings to Funding**

*Editor's note: Links are free and current at time of posting, but may require registration or expire over time.*

The Wyoming legislature is considering changing its funding and accountability provisions. Two separate bills are under consideration.

The proposed Education Accountability Act, would move ultimate accountability for education results away from local districts and to the state, and it would impose financial and other restrictions on districts whose students do not meet specified scores on standardized tests.

Currently, state education funding is allocated through block grants to Wyoming’s 48 school districts. Local districts have wide latitude in deciding how to spend the majority of those funds. The state’s school finance model was developed in response to the *Campbell* school finance lawsuit and is recalibrated every five years to ensure equity and adequacy in the way funding is distributed to schools.

The Accountability Act would end much of that latitude for low-scoring districts and give the state more authority over them. Provisions in the proposal reflect recommendations presented by Governor Dave Freudenthal and school finance experts during last year’s recalibration process. (See June and August *RSFN* for more background information.)

Several other education proposals are also coming forward including proposals to shift authority for charter schools to the state, end teacher tenure, and tie teacher pay to student test scores.

Several lawmakers have also proposed measures to end Wyoming’s participation in federal education programs. Federal funds account for about 6% of education spending in the state and help pay for special education, school meals, English Language instruction, technology, Indian Education, and a variety of other programs in addition to the federal Title I program for very low-income students. Some supporters of these measures say the state could cover the costs and reduce paperwork for schools, but it is not clear if or how the programs would be funded were the state short of funds.

*Read more:*

Local coverage:

- [http://billingsgazette.com/news/state-and-regional/wyoming/article_8b355bb0-0c9a-11e0-ac0d-001cc4c03286.html](http://billingsgazette.com/news/state-and-regional/wyoming/article_8b355bb0-0c9a-11e0-ac0d-001cc4c03286.html)

Text of the accountability bill:

- [http://trib.com/pdf_905eaa9e-1cd8-11e0-9989-001cc4c03286.html](http://trib.com/pdf_905eaa9e-1cd8-11e0-9989-001cc4c03286.html)

**South Dakota Funding Proposal Worse Than Expected**
South Dakota schools are bracing for even deeper cuts than those proposed last month by outgoing Governor Mike Rounds (see December RSFN). Newly-elected Governor Dennis Daugaard had said he would take Rounds’ proposed five percent cut into consideration. But his budget proposal includes a 10% across-the-board cut — about $480 per student, a move that state educators say would take schools back to 2005 funding levels. Daugaard said the deep cuts are necessary to address a “structural deficit” that will not be fixed by using reserve money and that he will not raise taxes to address the revenue deficits.

South Dakota’s revenue streams have been dropping regularly for the past several years. Last year schools did not receive an inflationary increase for the first time since the law, which mandates the increase, was implemented.

Also this month, the South Dakota Supreme Court began heard arguments in the state school funding lawsuit. In questions to the attorneys arguing the case, several Justices commented that the Court has a responsibility to uphold the state constitution, which provides for “general and uniform system of public schools.” In some rural districts where funding is particularly low, only about 50% of students are testing to state requirements.

Read more:

Coverage of anticipated budget cuts:

- www.argusleader.com/article/20110101/NEWS/101010301/Schools-fear-big-losses

Reaction to Governor Daugaard’s proposed budget:

- www.argusleader.com/article/20110120/NEWS/101200304/Daugaard-budget-calls-for-10-percent-cuts

Coverage of the school finance case hearing before the SD Supreme Court:

- www.siouxcityjournal.com/news/local/article_232ac052-1df0-11e0-a5b2-001cc4c03286.html
- www.argusleader.com/article/20110112/NEWS/101120323/Schools-make-case-for-more-state-money
- www.keloland.com/NewsDetail6162.cfm?Id=0,109304

**Washington Special Education Funding Lawsuit Ends**

*Editor's note: Links are free and current at time of posting, but may require registration or expire over time.*

The Washington State Supreme Court has ruled against a coalition of school districts seeking to force the state to change the way special education is funded. Arguments in the Alliance for Adequate Funding of Special Education (AAFSE) case were heard by the state high court last July (see coverage in RSFN here). The ruling was released last month.

The trial court and the Court of Appeals had previously ruled against the Alliance, which claimed that the state was violating its constitutional duty to provide sufficient funding for education. The Supreme Court upheld the Appeals Court ruling that the plaintiffs must prove “beyond a reasonable doubt” that the state was not funding special education sufficiently.

The districts had claimed that the state’s special education weight — an additional .9309 of base student funding — did not cover the extra services typically mandated in special education students’ Individualized Education Plans. But, the court rejected this argument saying that special education students receive a Basic Education Allocation (BEA) in addition to special education funding, and therefore there is no underfunding.

All Washington schools are anticipating a significant fight over how $512 million in budget cuts will be implemented in the state. Governor Christine Gregoire has proposed eliminating funds to reduce class sizes in Kindergarten through 4th grade; she has also proposed reducing levy equalization payments to districts. Levy equalization payments help bring some equity to school funding by providing additional funding to property-poor districts whose local revenues for schools cannot match those of districts with higher property wealth. Over the two-year budget period those cuts would total about $39.5 million.

Officials from property-poor districts say the cuts to levy equalization are unfair because districts with high property wealth that do not receive equalization payments will not be affected.

A school funding reform plan that is being phased in will eliminate levy equalization and shift all funding for schools to the state by 2018. A recent decision in the state’s school funding lawsuit endorsed the school funding reform plan, although it also held that the state is not fulfilling its constitutional duty to fund basic public education. The state has appealed that decision to the Washington Supreme Court.
The Governor’s budget includes an increase of $90 million for school transportation costs and $20 million for school “reform” efforts.

Read more:

Coverage of the special education lawsuit ruling:

Link to the response of the plaintiff districts, and to the court’s ruling from here:

Coverage of education funding cuts:

Rural Education Center, an excellent resource for information on many issues, including the LEA:
- [http://ruraledcenter.wsu.edu/](http://ruraledcenter.wsu.edu/)

**North Carolina Weighing Options**

*Editor’s note: Links are free and current at time of posting, but may require registration or expire over time.*

North Carolina is facing serious budget decisions when the legislature returns late this month. The state deficit is estimated to be $3.7 billion, and Governor Beverly Perdue asked education leaders to describe to the legislature the impact of 5% and 10% cuts.

The Department of Public Instruction has estimated that a 10% cut would eliminate 5300 classroom teachers. The state has already cut funding for a program targeted at small schools in low-income areas, and as a result, 20 schools will have no social worker or nurse. The state has also temporarily eliminated funding for teacher mentoring.

Schools are also seeing increases in the numbers of homeless students. In rural Nash-Rocky Mount School District, the number of homeless students increased 49% between the ’07–’08 and ’08–’09 school years and has remained constant since then. Under the federal McKinney-Vento Act, districts must have a homelessness liaison on staff to conduct outreach to homeless students and families, facilitate quick enrollment in school, and coordinate access to services students may need.

Rural homelessness can be more difficult to spot because families may be staying temporarily with relatives or friends or in uninhabitable housing. Federal law includes students in these unstable settings in the definition of homelessness and charges school districts with assisting them.

Read more:

Budget cuts:

Homelessness:

**South Dakota Districts to be Heard Before State Supreme Court**

*Editor’s note: Links are free and current at time of posting, but may require registration or expire over time.*

A lawsuit brought by a coalition of primarily rural school districts suing the state over its funding system will be heard in the South Dakota Supreme Court next month, more than four years after being first filed.

Last year Circuit Judge Lori Weber found the state’s funding system to be constitutional, holding that there is no quality standard required. South Dakota’s State Constitution requires a “general and uniform” system of education.
Parents and students are plaintiffs in the suit, and the legal challenge was supported by about two-thirds of the state’s 161 school districts. Plaintiffs focused their testimony on the severe impact of underfunding on South Dakota rural schools, including the inability of districts to retain teachers or safely maintain facilities.

The lawsuit has undergone a difficult process to reach this point. Last year Judge Weber also ruled — in a separate decision — that the coalition of school districts could not participate in the suit because they were using taxpayer funds on the legal action.

The funding decision was appealed by the individual plaintiffs rather than the districts, with the group’s attorneys working pro bono to move the case forward.

The ruling on the districts’ participation was later reversed by the state’s high court. But districts were forced to undergo audits ordered by the state’s Attorney General in response to their participation.

Outgoing Governor Mike Rounds has called the suit a “waste of money.” The Governor is required by law to submit a proposed budget, and Rounds’ proposal for the upcoming year includes a 5% cut to schools. Rounds has said that districts can tap their reserves and eliminate programs if need be to deal with the cuts.

Governor-Elect Dennis Daugaard will consider Rounds’ proposal as part of his budget planning.

State law requires the state to increase aid to schools by the inflation rate. But aid was frozen at last year’s level earlier this year. One acute budget issue driving the cuts in South Dakota, as in many places, is rising costs for Medicaid as a result of more citizens falling into poverty and becoming eligible to participate.

Meanwhile, school districts are asking for continuing permission to use building funds to pay for operating costs. Several school leadership organizations have said publicly that this stopgap measure is a bad idea, but they claim it is necessary to keep schools running.

Lawsuit news:

Rounds’ funding proposal:

Editorial on funding cut:

Local school leaders on budget flexibility and other budget issues

**California Settles School Fee Lawsuit**

*Editor’s note: Links are free and current at time of posting, but may require registration or expire over time.*

California has settled a lawsuit brought by the American Civil Liberties Union over the charging of illegal fees by school districts. (See background in [September RSFN](#).) A number of districts around the state were charging students lab, materials, and other fees for participation in certain classes and school activities. A 1984 California Supreme Court ruling, however, bans all fees as a violation of the state constitution’s guarantee of free public education.

As part of the settlement the state agreed to develop and implement new legislation that would broaden state audits to help determine whether districts are charging fees and also create a complaint and reimbursement mechanism for parents.

*Read more:*

Case settlement:
Continuing fees:


## Funding Crisis Driving Some Rural Oregon Districts to Charters

*Editor's note: Links are free and current at time of posting, but may require registration or expire over time.*

Several rural and remote school districts in Oregon have found a way to survive declining enrollment and dwindling resources by using the state law to convert their schools to charters. Oregon’s charter school law prohibits districts from converting all of their schools into charters. However, there is an exception in the law for districts with only a single school, and districts are taking advantage of this clause. Currently, twelve small rural districts have made this switch, eight of those in the last three years. Three additional single-school rural districts have notified the state that they will be applying for charter status this year.

Recent budget cuts have hit small districts especially hard. And, things will get harder for small districts. In 2007, the Oregon Legislature voted to end the state’s small school district supplement fund beginning with the 2012–2013 school year.

By converting to charters, small districts can apply for three-year federal implementation grants of up to $500,000. As in other states, Oregon's charter schools are subject to fewer regulations than traditional public schools.

*Read more:*

Coverage of the issue from rural Elkton District:


## Average Base Salaries for Public School Teachers, 2008

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This graph illustrates, by locale, the average base salaries for public school teachers in 2008.