

POLICY BASES FOR STATE SUPPORT
OF SMALL RURAL SCHOOLS

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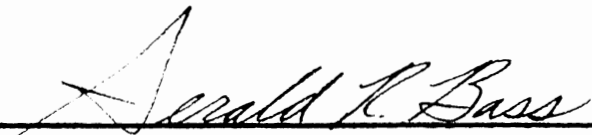
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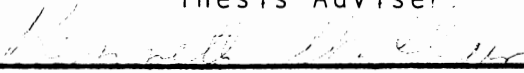
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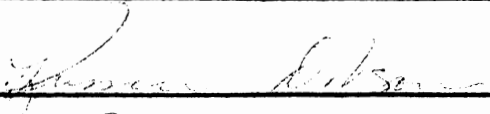
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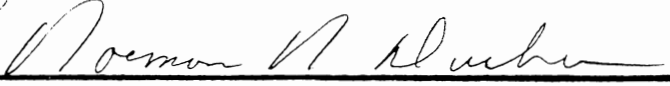


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The focus of this study was a comparison of the four conceptual bases state policymakers may use in dealing with small school districts and of the differing impact each base might have. Demographic data regarding the public schools of Oklahoma were used for this comparison. It is hoped that the data and findings of this study have added to the understanding of the conceptual bases policymakers might use as they consider the small school districts within their respective states.

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CHAPTER I

INTRODUCTION

Small school districts do exist and will likely never completely cease to exist. Urban areas comprise only 2% of America's land while 56% of the population live in communities with more than 10,000 residents (Akers, 1981). Nearly two thirds of the 15,600 public school districts located in the United States are in areas classified as rural (Barker, 1985). Over 25% of the operating public school districts in the United States are small districts with enrollments of fewer than 300 students (Barker, Muse, & Smith, 1985). While some school districts remain small because of public resistance to consolidation of the community school (Pierce, Garms, Guthrie, & Kirst, 1975), there is a significant number of small rural schools which will remain in operation because there are no feasible alternatives to their current existence (Sher, 1981). Some small school districts may have to close by design and some by default.

Those state governments considering a change in their policies regarding small school districts will begin developing the underlying conceptual bases for state support of small rural schools as a response to the modern-day pressures being experienced by those existing small school

districts. These policy bases will be reflected in regulations, statutes, and other actions as state leaders begin dealing with the problems of those small rural school districts. These bases generally manifest themselves from one of four perspectives. State policymakers may initiate actions to financially support all small school districts, to support some of the small school districts, to demonstrate intolerance toward small school districts, or to simply "ignore" the small school districts and let the existing state conditions prevail by remaining neutral. Conditions in individual states will influence the evaluation of the relative merits of these policy bases. Local circumstances, then, will largely determine the bases adopted by those states as they develop policies dealing with the small school districts within their own geographical boundaries (Sher, 1981).

The educational researcher can select a particular topic and time of a state's development to be studied. Each state system relative to public schools has its own history, demographics, politics, and resources which create a set of contemporary viewpoints. By studying states which have previously dealt with some of the same small and rural school educational circumstances, meaningful data can be accumulated for consideration in dealing with like problems in states wanting to modify their policy bases in regard to small and/or rural school districts.

The complexity of a state educational delivery system generates a multitude of viewpoints to be placed on the agenda. Oklahoma is a state responding, in part, to its own set of contemporary viewpoints and, during the decade of the 1980s, has become an active participant nationally in educational reform (Folks, 1987). Since House Bill 1706 was passed by the State Legislature in 1981, several additional noteworthy pieces of legislation have been passed. In light of the educational reforms established in the State of Oklahoma, one of the perennial problems that continually draws the attention of state policymakers is how to better contend with the small rural school districts and the related question of educational equity.

In parts of the United States during the late 1970s and early 1980s, the development of natural resources and energy-related business spurred rural growth (Sher, 1981). Mineral leasing and hydrocarbon production in the rural areas provided land owners and small town banks with additional capital to expand agri-business. While the tax revenue generated by the agriculture and petroleum industries still represents a significant portion of the tax base for many of the small rural school districts in Oklahoma, both industries have experienced significant financial hardships in the 1980s.

Oklahoma is caught in a state of transition from a rural economy and mind set into something else. Currently only a very small percentage of the state's work force is re-

lated to a farming or an agriculture-related business (Troy, 1987).

Daily, newspapers and television news programs focus attention on the inability of the oil industry to control its own destiny because of OPEC and other foreign market pressures.

A major rural-to-urban population shift took place from the end of World War II until 1975 (Sher, 1981). Because of higher interest rates, higher operational costs, and low commodity prices relative to production costs, the number of farmers has declined. To survive, "those remaining have become larger and produce higher yields per farm, per acre, and per hour" (Hobbs, 1981, p.7). In the United States, the levels of farm employment have dropped rapidly from 9.9 million employed in 1950 to 4.4 million in 1976. Agriculture has changed from a labor intensive to a capital intensive business (Sher, 1981).

During the time of Oklahoma's most recent "oil boom," rural communities experienced an influx of workers and their families. This strengthened the local economies and tax bases for schools and increased the demand for auxiliary businesses and social services. With every "boom" seems to be a "bust." The current low petroleum prices have had a negative impact on rural Oklahoma schools and communities. Capping and removal from production of marginal wells, reduced exploration and drilling, and reduced mineral leasing have impacted an already sluggish

economy and diminishing tax base in the rural areas. To further complicate matters, the decline in the agriculture industry, evidenced by the increase in farm and business bankruptcies, has resulted in decreased farm land values and thus lower tax bases for the support of common schools. The paradox for the school districts which serve these areas is smaller tax bases in gross production, ad valorem, and vehicle license revenues at the very time society is clamoring for more educational programs (Hodgkinson, 1985). Many rural school districts nationwide have also been confronted with declining student enrollments, decreasing revenues, increasing costs per pupil, inadequate facilities, and the need for improved educational programs (Uerling, 1986).

The frustration felt by administrators, board members, and residents of small rural school districts has been further compounded by additional factors. The success of the ad valorem tax system depends on state and local officials properly carrying through with their assigned duties (Holmes, 1982). The intricate structure of this system is such that a breakdown at any step results in a system of property taxation which is "unfair and invidiously discriminatory" (Holmes, 1982, p. 1519). State-mandated programs have also aggravated the cost problem in small schools (Honey & Kohler, 1978).

All of these factors put stress on state revenues, often focusing on the methods for their distribution and the state's ability to support the common schools. Therein lies the debate, drawing the attention of a variety of individuals and groups who seek to advance various ideas about optimum school size, school district reorganization, or other aspects of the educational delivery system into the policy-making arena of their state. A unique window of opportunity exists for the study of smaller school districts in states similar to Oklahoma. Oklahoma as a state of small rural school districts is approaching the moment when a clearer conceptual position about small school districts will need to be addressed through state policy.

Statement of the Problem

The educational needs of rural America's children in the 21st Century, their evolving place in the global economy, the demographic patterns emerging in these states, and the shift in tax bases have created tremendous political stress. All of these renew the controversy as different groups advance agendas for a conceptual change of policy in regard to small rural school districts and their contributions to state and national development.

Purpose of the Study

This study was focused on a comparison of the four conceptual bases state policymakers may use in dealing with small rural school districts and of the differing impact each base might have. For purposes of this comparison, the demographic data for the public schools of Oklahoma will be used as a common data base. The identified policy bases lead to actions which (1) provide financial support to all small school districts, (2) support some small school districts, (3) eliminate the presence and operation of small school districts, or (4) do not consider small school districts as a distinct class eligible for separate treatment. Comparison of the four different policy bases and resultant state actions were focused on the impact each might have in Oklahoma, especially on the number and geographical characteristics of small rural school districts, their enrollment sizes, and their per-capita revenue.

The following research questions were used to guide the study. (1) Can the policy bases for state actions relative to small rural schools be categorized into the four proposed themes? (2) Which states appear to have adopted each of the different policy bases? (3) How have these policy bases been translated into laws and regulations? (4) What would be the impact of the varying policy bases if applied to a single state?

Significance

Oklahoma is a state of small school districts. Ware (1982) reported in her study of Oklahoma's system of financing public schools that there was a very large number of small school districts in the state. She stated that approximately 8% of the students attended school in 47% of the districts. Jenlink (1986) reported that, "at its peak in 1914, there were 5,880 districts in the state" (p. 31). However, by May of 1988, there was a total of only 611 districts. This included 154 dependent school districts which maintained only elementary grades and 457 independent school districts which maintained both elementary and high school grades. Oklahoma was recently ranked 18th among the states in land area and 26th in population but ranked 8th in the nation in the number of school districts (Goodman, 1985). Only Texas, Nebraska, California, Illinois, New York, New Jersey, and Ohio had more districts than did Oklahoma. Shifts in population, changes in educational programs, world competition for goods and services, and the periodic realignments of the economy will cause states like Oklahoma to reevaluate the contributions and costs of small rural school districts.

Limitations

Limitations are built in because of the design and descriptive nature of this study. An information base

about one state's policies is formulated in a frozen space of time and events that have occurred within certain geographical boundaries. The transportability of this to another state for application and comparison in a different space of time and events results in comparisons which can only be general in nature and highly subjective. State legislatures meet annually making alterations in their current policies and often adding new ones. The various levels of the judicial system and the litigation process can create instant changes in state policies. Federal actions, as well, can affect state policy formulation and stability. Therefore, any state's policy base is not static but fluid to the various forces shaping policy decisions. The strength of a rejected null hypothesis or even a failure to reject will not be present. The volumes of written observations common to a well-written ethnography will also be absent.

Definitions

The literature written about small school districts can sometimes reveal the use of various terms interchangeably, creating different meanings for some of the same words. For the purpose of this study the following definitions were utilized.

School District - A school district is any area or territory comprising a legal entity whose primary purpose is that of providing free school education, whose boundary lines are a matter of public record, and the area of which constitutes a complete tax unit (School Laws of Oklahoma, 1986).

Independent District - Independent school districts in Oklahoma are those which have maintained, during the previous year, a school offering high school subjects fully accredited by the State Board of Education (School Laws of Oklahoma, 1986).

Dependent District - Dependent school districts offer grades within the range of kindergarten through eight and thus have not met the minimum standards for, and have not been designated as, independent school districts (School Laws of Oklahoma, 1986).

Rural School District - A rural school district is located outside a metropolitan area and has a total population of fewer than 10,000 residents (Sher & Tompkins, 1976).

Small School District - A small school district is considered to be any school district with fewer than 800 students in average daily attendance.

Geographical Isolation - Geographical isolation refers to those situations where schools need additional money because of a combination of small size and

geographical factors which keep them from reorganizing in any other fashion. The geographical factors may include, but are not limited to, distance to neighboring schools, large areas with sparse population density, or physiographic features such as topography or seasonal weather conditions (Bass, 1980).

Summary

Those states whose physiographic and demographic composition include numerous small school districts share some common problems. One such problem concerns the conflict between ways to meet the myriad of broader state needs and, at the same time, deciding whether or not to respond to the special needs of those small school districts. How a state's policymakers acknowledge the presence of those small school districts is usually reflected in that state's school fund distribution formula and other legislative enactments. These actions may be structured to either provide financial support to all small school districts, to support some small school districts, to limit or eliminate the presence of small school districts, or to not consider small districts as a distinct class eligible for separate treatment. A review of those various state policy bases and resultant actions can yield knowledge regarding such conceptual bases and their impact upon small school districts.

A review of the literature is provided in Chapter II. The characteristics of a rural environment, the advantages and disadvantages of small school districts, and policy development are the areas of primary focus. The process for selecting the states representing the different conceptual bases and the types of data used to accomplish the selection are detailed in Chapter III.

Chapters IV, V, VI, and VII each contain an analysis of one state's policy base and subsequent enactments as well as the application of those findings regarding support of small rural schools to the data found in the Oklahoma Schools Statistical Report. Chapter VIII includes a summary of the information generated from the application of those different policy bases and the conclusions and the recommendations for further study.

CHAPTER II

REVIEW OF LITERATURE

The Land Ordinance of 1785 prescribed that land be surveyed and broken into townships six miles square. Every township was to contain 36 sections with each section measuring one square mile and containing 640 acres of land. Section 16 of every township was set aside for educational use. Congress first applied this provision in 1803 when Ohio became a state (Fuller, 1982). This federal policy established governmental support for rural schools.

School policy development in this country has been ongoing. The policymakers at different levels of government try to determine the revenue distribution and the structure of the public schools most likely to meet the needs of the future (McLaughlin & Catterall, 1987). There appears to be a continual fundamental conflict between the general welfare and the desire of people to do the best they can for their own school and children.

The information needed to accurately assess the adequacy of educational programs and policies for small rural schools or the ability to judge the capacity of rural communities to support an adequate educational program is increasing. This creates a need for the dissemination of

information about the concepts of ruralism and smallness, the various policy approaches by which states deal financially with their small rural school districts, the ways these policies are implemented, and the manner in which these topics are interrelated. Rural education is, after all, characterized by diversity, isolation, and small enrollments (Augenblick and Associates, 1985).

Perceptions of Rural Life

Most of the people of the world live in villages located in areas that typically depend directly on the land for their subsistence and livelihood (Edington, 1979). In America, 98% of the land area lies outside the urban areas and 44% of the population lives in or around communities of under 10,000 people (Akers, 1981). Of the approximately 54 million people who live outside America's designated urban areas, most of the school-age children are educated in nearly 12,000 existing public school districts. These comprise 75% of the operating school systems of the nation and yet enroll only one third of all students attending public schools (Nachtigal, 1982).

There is no common definition for ruralism (Darnell & Simpson, 1981) and a definition describing the meaning of ruralness has been, and will remain, rather difficult to obtain (Sher, 1981). The United States Census Bureau defines the urban population as consisting of all persons living in

places of 2,500 or more inhabitants. The Bureau then classifies all that remains as rural (United States Bureau of the Census, 1971). The U.S. Department of Labor defines ruralness by county units, with a rural county having fewer than 2,500 in population. The Rural Development Act of 1972 added two more definitions.

1. For most purposes in this Act, "rural" means everything outside a city of more than 10,000 population.
2. For loans and grants, the definition of "rural" is expanded to include everything outside cities of 50,000 or more (Carmichael, 1982, p. 6).

Government agencies in Australia and the United Kingdom describe rural through the use of socioeconomic factors and population density criteria rather than using strictly numerical population values (Sher, 1981).

Populations in rural areas are diversified. Even when comparing groups with common characteristics, there are distinct differences. The description of the population in the rural areas varies considerably from one region to another. The composition of that population appears to reflect the progress and level of economic development of that region. The world's population in 1950 included some 64% engaged in agriculture while in 1970 that proportion had decreased to 52%. One person in two, worldwide, made a living from the land or was a member of a farming family in 1970. At this same time, only 1 of 25 persons in North America was a farmer, while in other areas the ratio was 1 of 5 in Europe,

1 of 3 in the USSR, and 2 of 3 in both Africa and Asia (Malassia, 1976).

The rural population is, of course, composed of people other than those directly engaged in agriculture. Those living in the countryside include merchants, craftsmen, factory and other urban workers, employees of various private enterprises, and those who fill the broad spectrum of governmental services (Malassia, 1976). Rural residents can generally be divided into three categories: those who are indigenous to the region; those who migrate in and out of the region; and "neo-ruralists and urban expatriates" who want to reside in a rural setting while traveling considerable distances to their specialized urban professions (Darnell & Simpson, 1981). As of 1975, nearly 80% of America's rural population neither lived nor worked on farms, thus broadening the desire in the rural clientele for varied educational services (Sher, 1977).

Human beings provide the energy and organizations that accumulate the wealth; develop the natural resources; build the social, economic, and political organizations; and carry forward the national development. Those people who live and work in the non-urban setting and contribute to the accomplishment of national and state development also have children who are in need of quality educational services (Harbison, 1975). Recent census data indicate that some 15 million, or approximately one third, of all children

enrolled in American public schools over the past five years attended the small rural school districts (Akers, 1981).

When one remembers that the rural world is a fundamental factor in any country (Malassia, 1976), then a focus on small rural school districts in the United States must take into account the reality of rural America (Tillman, 1983). Understanding rural reality requires the acceptance of several postulates. Rural communities and small rural school districts are different from urban communities and schools. Rural schools and communities will continue to exist with their own special qualities, but they are not miniature versions of the urban models. They have different characteristics and different needs (Nachtigal, 1982).

Nash (1980), reporting on the principles of rural sociology, stated that rural societies differ from urban in the following eight respects:

1. In the narrower pattern of occupations
2. In the smaller size of the community
3. In the lower density of the population
4. In the higher quality of the physical environment
5. In having less complex social differentiation and less well-defined social stratification
6. In having fewer opportunities for social mobility
7. In having a smaller social world
8. In having greater social solidarity (Nash, 1980, p.14).

Rural reality also deals with the fact that rural communities differ from each other, thus creating multiple realities. Policies to improve rural education should recognize those differences (Tillman, 1983). The variations

in rural communities usually reflect some of their physiographic, demographic, and socioeconomic characteristics. The important factors that differentiate a rural community in one part of the country from a community of similar size in a different part of the country appear to be associated with the availability of economic resources, cultural priorities, commonality of purpose, and political efficacy (Nachtigal, 1982). The rural composition and needs in the central portion of the United States are different from those of the deep South, for example, or the rural portions which are located on the fringes of the more densely populated metropolitan areas (Nachtigal, 1982). There is a relationship between the structure of a rural educational setting and the characteristics driving the evolution or progress of that region.

Rural communities can usually be classified into three categories (Nachtigal, 1982). The first would include the rural poor. The standard of living in this type of community is well below the national average. Traditional Middle America would represent the second category. Though not wealthy in absolute terms, these communities, when compared to the rural poor, appear to be havens of prosperity. Communities in transition represent the third identifiable category of rural America. Urban fringes, energy development sites, or recreation areas are examples of this last type of rural community. The transition climate provides an

influx of outsiders with different ideas and value systems which create not only growth but conflict between the old and the new (Nachtigal, 1982). If policy development does not attempt to recognize and respond in part to these differences, then modernization and progress for the nation or state tends to be impeded (Malassia, 1976). Sher (1977) indicated that the success of a particular policy in one rural setting does not guarantee its equal success elsewhere. Attempts to circumvent local traditions, conditions, and values will often lead to failure of the implementation efforts.

Tillman (1983) addressed the concept of rural schools and corresponding rural communities operating as single integrated social structures. Jenlink (1986, p.21) then summarized the single integrated social structure by stating that "smallness by its very nature ordains involvement" and a closer working relationship between small rural school districts and their communities. A commonly held assumption is that, through strong parental and community involvement, the small rural school more closely reflects the value structure of the community (Sher, 1977).

Tillman (1983) also noted that a rural reality considers the small rural community residents' feelings of suspicion and skepticism about outside interests interacting with or changing rural traditions. Because rural communities have a greater social solidarity and homogeneity, they

tend to resist those from the outside and cast aspersions at the different cultural traits exhibited by the outsiders. Thus, to many rural residents, it becomes more important that an idea be validated by who said it rather than by what is actually said (Nachtigal, 1982).

Bakalis (1981) discussed the westward expansion in American history and the strong feelings of self-reliance which were thus developed in segments of our population. History shows that the settlement of America's western frontier was accomplished mainly through the energies and dreams of those whose livelihood was connected to the land. Areas of the United States where agriculture or mineral extraction has survived since westward expansion still reflect those ancestral feelings of self-sufficiency and pride achieved by responding to the environment (Nachtigal, 1982).

The acceptance of these concepts of ruralism and the rural reality may likely require moving from a general public policy of school improvement based on the traditional urban model to a more differentiated policy, one that would allow and assist small rural schools and their communities to build on their strengths and to overcome their weaknesses (Tillman, 1983). Acknowledging the different types of rural communities is basic to a more enlightened public policy for rural education, but there may also be something

accomplished by observing more closely the size and density factors as they relate to quality rural education (Nachtigal, 1982).

Small School Districts

The number of public school districts operating in the United States reached its high point by totaling approximately 128,000 separate districts in 1932 (Garms, Guthrie, & Pierce, 1978). There were 83,718 school districts in the United States in 1950. By 1960, the number was halved to 40,500 and in one more decade the number of school districts was halved again to only 17,995 (Sher, 1981). By 1976, this number had dwindled to about 16,000 (Garms, Guthrie, & Pierce, 1978). Of the public school districts operating in the U.S. in 1978, 25% were small districts with enrollments of fewer than 300 students each (Barker, Muse, & Smith, 1985.) Dunne (1981) reported that, of the total districts remaining in the United States, 6,099 enrolled fewer than 500 students. This represented nearly 36% of the school districts in the nation at that time. The National Center for Educational Statistics (1983) reported that 4,270 school districts representing 26.9% of the total public school systems in the U.S. enrolled fewer than 300 students.

Determining one all-inclusive definition for a small school district is as elusive as describing the concept of ruralness. Typically, school enrollment numbers have been

the major criterion used to identify small schools. Disagreement exists over what student enrollment figure should be used to define "small." A commonly accepted enrollment criterion is 300 or fewer (Swift, 1984; Schneider, 1980; North Central Association of Colleges and Secondary Schools, 1974b; National Center for Educational Statistics, 1983). Sher and Tompkins (1976) described a small school as any elementary school which supports not more than one classroom per grade level with an average of 20 pupils per grade and any high school with a graduating class of fewer than 100 pupils (Sher & Tompkins, 1976).

Prior to 1983, the National Center for Educational Statistics and the U.S. Census Bureau had not provided separate statistics for school districts of 300 students or fewer and had been placing them together with the larger districts (Minter, 1979). The National Center for Educational Statistics now uses five categories of student enrollment in reporting school district size: fewer than 300 enrolled students; 300 to 999; 1,000 to 2,499; 2,500 to 4,999; and 5,000 or more students (Nachtigal, 1982).

Although small public schools do exist in and around large cities, the vast majority are located in rural areas (Sher, 1977; Eddington, 1976). Dunne (1977) reported that they are predominantly located in white, stable, relatively affluent communities in the Great Plains and the far west portions of the United States. Of those small rural schools

existing in rural America, 40% exist simply because of their isolation (Dunne, 1977).

Advantages

A number of different researchers have identified advantages of small schools. Barker and Gump (1964) postulated the "inside-outside perceptual paradox" which demonstrated that, even though larger schools may appear more impressive to the outside viewer, closer study of the smaller school indicates a better quality of education. Peters and Waterman (1982) explained that, in industry, small size is the prime generator of commitment. They pointed out that smallness induces manageability and, above all, commitment since "the individual still counts and can stand out" (p. 271).

There exists in the small school a sense of pride and an attitude and sense of personal possession and involvement on the part of students, parents, teachers, administrators, and community residents. People residing in small communities generally have a feeling of extreme closeness. The school is referred to as 'our school.' To a great degree, the school is the community center in many small towns and rural areas (Barker, 1985, p. 1).

The development of personal relationships and the commitment among people to insure the necessary personal interaction to achieve learning is encouraged by smaller sized units (Peters & Waterman, 1982; Barker, 1985). This organizational arrangement of schools invites strong support from parents and other community members, as well as encourages

more collegial working relationships among school staff and support personnel (North Central Association of Colleges and Secondary Schools, 1974a).

Student participation and a developed sense of belonging tend to be higher in small schools (Barker, 1985). Because there are fewer students to be leaders in the different student clubs and organizations and to fill the various positions on the school's extra-curricular teams, each student is needed. Often, literally everyone must participate in order to make a project workable.

In the small rural schools, teachers can usually interact more frequently with students and in different ways other than just during the instructional setting. Teachers often become aware of each student's personal and special needs (Carmichael, 1982). Through these multiple interaction settings, teachers get to know the students more personally. The school tends to be the center of community activity, so teachers become cognizant of the students' talents, limitations, interests, attitudes toward school and work, and their individual family backgrounds. This environment of cross-networking of information about the student creates an overall atmosphere that is less likely to produce school discipline problems (Barker, 1985).

Since small is more manageable and flexible (Peters & Waterman, 1982), less bureaucracy is required, providing relatively easier interaction among students, teachers, and

administrators. Problems can be addressed more readily within these less formal settings (Barker, 1985).

The virtues of decentralization and the downsizing of management units are receiving a renewed focus and attention in the business and industrial environments. Because educational processes are reflections of the cultures they serve, the advantages of small school environments are receiving an increase in study and consideration. Policy-makers are addressing the issues of efficacy, efficiency, and equity regarding small rural schools and their potential educational contributions to the needs of a culture preparing to function in the global economy of the 21st Century.

Disadvantages

Various disadvantages of small school districts have been reported in many different sources. These school districts are being confronted with declining enrollment, increasing costs per pupil, inadequate facilities, escalating transportation costs, and decreasing local tax bases. In addition, small rural school districts are expected to meet the needs for improved educational programs as required through federal and state educational reform and as demanded by their patrons in an expressed desire for an increase in the diversity of educational services (Uerling, 1986).

Over thirty years ago, Conant (1959) managed to focus the nation's attention primarily on high schools with a call for larger, more comprehensive institutions.

I am convinced small high schools can be satisfactory only at exorbitant expense . . . citizens who wish to improve education might well devote their energies to mobilizing opinion in behalf of district reorganization directed toward the reduction of the number of small high schools (Conant, 1959, pp. 37-38).

A 1974 publication produced by the North Central Association of Colleges and Secondary Schools (1974b) summarized and reconfirmed many of Conant's original views.

Unique problems do exist in educating children in rural and isolated areas. These problems are due primarily to geographic isolation (Edington, 1979; Bass, 1980) and the small number of students in rural areas (Tamblyn, 1971; Darnell, 1981). A quality small school program does require cost over-burdens if it is to imitate urban or suburban educational models (Tamblyn, 1971; Sher, 1981). If districts are small, the per-student cost of a comprehensive education is high; therefore, education in small rural schools will either be more expensive or less comprehensive (Honey & Kohler, 1978). Small school districts simply do not enjoy the economies of scale possible for larger school districts (Johns, Morphet, & Alexander, 1983; Cohn, 1968). The provision of adequate levels of secondary course offerings thus continues to be a major problem in sparsely populated areas (Darnell & Simpson, 1981).

The very strong linkage between small schools and their communities allows for fewer alternatives during times of conflict or antagonism between student, teacher, and family (North Central Association of Colleges and Secondary Schools, 1974b). This familiarity often prevents the selection of a better solution to a problem because of the overtones of local politics. Without the diversion of a bureaucracy found in larger school districts, a delicate balance exists between the inhabitants of a small community and the decisions that can be made on behalf of their children. Conclusions made by educators concerning discipline, curriculum, extra-curricular activities, bus routes, and the school district's role in community-related activities are often validated or rejected in the various community meeting places. Churches, civic organizations, and the ever present coffee shop can often exert an undue influence on the decision making process in small rural communities (Carmichael, 1982).

A similar issue of uniformity focuses on the fact that the student bodies in small rural school districts are usually homogeneous in ethnic, socioeconomic, and cultural backgrounds (Carmichael, 1982). This is usually a result of the driving economic forces at work in the community which, more often than not, are narrow in focus with only a certain number of businesses and related services needed to support the resulting restricted economic climate. Typically, only

certain categories of workers are utilized to meet this limited economic market and they tend to be more stable and less willing to participate in social mobility (Sher, 1977). Many of them may be third and fourth generation local residents who have intermarried and are related to a major portion of the inhabitants. This lack of cultural diversity often creates the need to provide "artificial" experiences in order to provide rural students with a broader social awareness and thus acquaint them with a comprehensive education (Carmichael, 1982).

The ability to attract and retain competent teachers, especially those who can provide a variety of experiences and programs, becomes more difficult in the rural setting. The provision of student services such as health services, psychological services, social assistance, and vocational-career counseling is negatively impacted by rural isolation and small size (Darnell & Simpson, 1981). The poorest, most isolated communities often have the fewest available services, the highest per-capita cost, and yet the least ability to financially support them (Carmichael, 1982).

In rural areas, another major economy-of-scale disadvantage accrues from transportation costs, which are particularly prominent in sparsely populated regions. Differences in student population density cause significant differences in the transportation cost over-burdens for small rural school districts (White & Tweeten, 1973). Yet,

the funding of transportation service is often uniform, with little or no variation in consideration of these differences.

Demographic and economic changes have complicated the ability of nearly all local taxing units to keep up with the costs of delivering public services, including education (Sher, 1977). However, this discrepancy between demands and resources may be greatest in rural areas. The varying educational reforms have also complicated the ability of the small rural school to efficiently deliver adequate educational services. Many of the trends occurring today in the rural economy began over 40 years ago. These gradual changes have now accumulated to the point that they are beginning to create a dramatic impact on small rural school districts.

Boody & Rivaro (1986) listed such economic trends as:

- Decrease in farm receipts
- Increase in production input costs
- Decreases in net farm income
- High levels of short and long-term farm debt
- Weather problems
- Prior purchase of farm land at inflated prices
- Continuing rural poverty
- Thin economic base, lack of a variety of business and economic opportunities
- Net out-migration of youth
- Increase in elderly as a percentage of rural population
- Net population loss (p.3).

Because of the apparent disadvantages of small rural school districts, policymakers are posing questions about the small school's ability to respond and contribute to a 21st Century Culture and a global economy. Small school

districts thus must compete with other governmental services, as well as with urban school districts, for the distribution of tax dollars. Governmental decisions are of course made through the political process. Since these political policy decisions should be made from as sound an information base as possible, the importance of research and adequate information bases for school financial planning cannot be overemphasized (Johns, Morphet, & Alexander, 1983).

School Policy Development

Policy is (1): management or procedure based primarily on material interest (2): a definite course or method of action selected from among alternatives and in light of given conditions to guide and determine present and future decisions (Webster's Seventh New Collegiate Dictionary, 1968, p. 656).

Ideas become policy through an evolutionary process. Initially, policy change is generated by individuals or groups whose thought processes indicate that a change might be needed (Meltsner & Bellavita, 1983). Often these proposals are accompanied by possible solutions to effect such change. These concepts of change are then communicated to others. At this juncture in the evolutionary process, the ideas are either altered, strengthened, or abandoned. The primary material interest and the crucial question of power are the major catalysts determining the fate of a policy change (Kimbrough, 1964).

The initial material interest of educational policy making requires a better awareness of the educational process in our society. Fullan (1982) wrote that the major purposes of schooling are

to educate students in various academic or cognitive skills and knowledge, and to educate students in the development of individual and social skills and knowledge necessary to function occupationally and socio-politically in society (p. 10).

From these two main purposes of education has evolved the concept of equality of opportunity. As John Dewey wrote in 1916, education should provide the opportunity to escape from the limitations of the social group into which one is born. In theory, the purpose of change in educational policymaking is to replace outdated programs or practices with those which will better educate students (Fullan, 1982).

It has been said that one thing of which we can be certain is change (Link, 1971). Late in 1957, federal educational policies were redesigned to increase the national availability of scientists, technicians, and mathematicians to offset the possibility of losing a space race (Garms, Guthrie, & Pierce, 1978). For many, the decade from 1968 to 1978 represented the high point of school policy development.

During this period the courts heard a plethora of cases, tremendous growth in research was stimulated by federal and foundation funds, and diverse groups worked together in an appropriate political environment. In addition, the availability of state funds fueled substantial changes

in the structure of state school aid systems (Augenblick & Associates, 1985, p. 5).

Recent literature indicates that educational policy-making seems to be a race against time, facing the onslaught of the politics of retrenchment (Mingle & Associates, 1981) and the pressures involved in the transition from the "Industrial Revolution" to the "Information and Service Revolution" (McLaughlin & Catterall, 1987).

Federal Initiatives

Even though it has been argued that the federal government is not constitutionally responsible for education, the Constitution provides discretionary powers to the federal government in educational matters. The Constitution covers a broad array of powers, duties, and limitations, but at no point in that document is there an explicit reference to education (Reutter, 1985). The Reserved Powers Clause of the Tenth Amendment has been used over the years in attempts to limit the federal involvement in education.

On the other hand, two constitutional provisions have been used to support federal involvement in education. The General Welfare Clause of Article I, Section 8, and the Equal Protection Clause in the Fourteenth Amendment have thus served some policymakers (Spring, 1988).

The federal government has responded favorably in recent years with policies aimed at a host of local school district problems. Federal legislation has appropriated

significant amounts of money, often accompanied by stringent regulations, to state governments to promote local educational programs deemed to be in the public's best interest (Fullan, 1982). Some recent examples of these federal initiatives are the Family Educational Rights and Privacy Act (the Buckley Amendment), which dealt with access to pupil records; Title IX of the 1972 Educational Amendments, which forbade discrimination based upon gender in any federally-supported program; and the Education of the Handicapped Act (P.L. 94-142), which outlined special education procedures. Previous examples of federal educational policy implementation would include the National Defense Education Act of 1958 (P.L. 85-864) and the Elementary and Secondary Education Act of 1965 (P.L. 89-10) with their various "Title" programs which were subsequently reshaped by the Educational Consolidation and Improvement Act of 1981 (P.L. 97-314) (Fullan, 1982). Even earlier policy-based federal legislation would include such examples as the Morrill Act of 1862, the Smith-Hughes Act of 1914, and the National School Lunch Act of 1946.

The judicial branch of the federal government has also become a major participant in the development and implementation of education policy (Campbell & Mazzoni, 1976). Numerous groups and individuals, frustrated with the existing school policies or procedures, have resorted to

litigation for relief. Court cases have impacted educational decision making and policy formation in such areas as finance, curriculum, student rights and services, and personnel. Judicial decisions have often pressured states to assume a greater role in the management of the educational processes (Pincus, 1974). Arguments favoring a larger state role are often based upon court cases dealing with a wide variety of issues, including desegregation (Brown v. the Board of Education of Topeka), school finance (Rodriguez v. San Antonio), curriculum (Scopes v. State of Tennessee), student rights (Tinker v. Des Moines), and personnel (Pickering v. Board of Education, Board of Regents v. Roth), to mention only a few (Pincus, 1974; Reutter, 1985).

State Initiatives

Much of the debate regarding the state role in educational policymaking seems to revolve around the issue of state versus local control of schools (Spring, 1988). Local school districts are usually empowered creatures of the state and thus are subject to direct state control. Even when local authority is embedded in the state constitution, courts have consistently found in favor of the state because both the United States Constitution and many state constitutions have expressly made education a state responsibility (Campbell & Mazzoni, 1976). States normally delegate a portion of that responsibility to local school districts

through their local boards of education. In this fashion, the environment and patterns of local educational politics were spawned and the concept of local control was begun (Reutter, 1985).

State policy decisions guide the governance process through enactments of the legislature, appointed or elected state boards and commissions, state departments of education, and state court systems (Campbell & Mazzoni, 1976). State legislatures and governors are more likely to be intimately involved in formulating statewide educational program mandates and in overseeing the distribution of state funds while state boards of education tend to focus on regulatory functions such as teacher certification. Campbell and Mazzoni (1976) indicated that policy decisions are made most frequently by state boards of education or within state departments of education. Usually, state departments of education appear best staffed to assist in developing policy for local school districts (Meltsner & Bellavita, 1983). State court systems are often left to deal with disputes between the purveyors and the consumers of educational policy.

The basic constituency groups which have demonstrated interest in educational policy development include organizations of school board members, school administrators, teachers, and interested lay persons (Spring, 1988). For many years, these groups presented a united front, and often

a rural orientation, to which state departments and legislatures responded favorably in the implementation of educational policies (Fullan, 1982). Today, however, states appear to be in a transition away from a rural orientation and toward an urban focus in their educational policy-making. The various constituency groups have been fragmented and advance their own, often competing, educational agendas.

Summary

The reality of small rural school districts will likely continue as an active presence on our national scene. However, assessment of current trends in the social structure might lead one to assume that the nation's shift in demographics and economic patterns would indicate the likelihood of continued stress on the small rural school district's ability to meet the requirements of policymaking groups.

While rural values remain a part of the nation's social fiber, a generally accepted description of ruralism is difficult to obtain because of the wide diversities of the populations and economic forces found in those various regions. The resulting primary descriptor used to define rural is that it is non-urban.

Typically, school enrollment numbers have been the major criterion used to identify small rural schools. Although small public schools do exist in and around urban

areas the vast majority are located in rural areas. Of those small rural schools in rural America, 40% of them exist simply because of their isolation. These rural schools and communities are different from urban communities and schools. Since they each enjoy divergent characteristics and needs, a differentiated policy base which allows and assists rural communities to build on their strengths and to overcome their weaknesses could assist in the transition and modernization of the entire nation.

The benefits of smallness have received renewed interest. Industry and business leaders are shifting away from the old set of economic rules in an effort to reorganize to compete in the global economy of the 21st Century. Just as smaller size in business is reported to create commitment, existing in the small schools is a sense of pride and ownership. The smaller-sized school units are reported to favor better personal relationships and the interactions that are believed to maximize learning.

However, unique problems exist in the rural and isolated areas. A quality small rural school program requires more money per student than does its urban counterpart. The provision of adequate levels of secondary course offerings continues to be a major problem in sparsely populated areas. Also, the lack of cultural pluralism sometimes creates a void in the comprehensiveness of the rural education. Many

small rural school districts are struggling with the stresses of declining enrollment, increasing operational costs, decreasing local tax bases, and state-mandated and federal-mandated programs whose primary material interest may be aimed at solving urban problems.

Such educational policy is developed through an evolutionary process. It usually begins in response to a perceived need of an interest group. The energy for policy change thus comes from many places in our democratic society. The multiple branches and levels of government, responding to public pressures, exercise the power of policy development and implementation. The judicial system is also in continual motion, adjudicating the endless disputes between the purveyors and the consumers of educational policy.

Each of the 50 states has been empowered to formulate certain educational policies for its own school districts. The study of a selected state's policy bases in relationship to its orientation toward small school districts could assist other states wanting to modify or clarify their own policy bases in regard to small rural school districts.

CHAPTER III

METHODS AND PROCEDURES

The purpose of this research was to identify and then compare the potential impact of each of four conceptual bases from which state policymakers have developed statutory and regulatory provisions dealing with small rural school districts. The specific procedure was to identify one state as representative of those associated with each of the four conceptual bases. The states were thus selected from those which had previously adopted state policies to: (1) support all small school districts, (2) support some small school districts, (3) remain neutral in support of small school districts, or (4) be intolerant of small school districts. The statutes and regulations used by those four individual states to implement the identified conceptual base were then applied to school district data from Oklahoma in order to make a consistent comparison.

Population and Sample

The population of this study consisted of the 49 states which each support more than one school district within its state boundaries. The State of Hawaii was not included in the population because it maintains a single

statewide school district. The sample consisted of one representative state from each of the four groups.

The results of a national survey (Bass, 1987) indicated that 8 states had been identified as providing additional revenue for all of their small schools, 15 states had provided supplemental revenue for only some of their small school districts (selected on the basis of geographical isolation and size), 15 states had remained neutral in regard to small schools, and 11 states had been intolerant, apparently unwilling to allow the operation of small school districts. Hawaii had not been included in the survey. Data regarding the various placement of the states by category are shown in Table I.

In making the selection of the four sample states, several criteria were applied to the states in each group, as shown in Table I. These criteria included: (1) student population density, (2) number and average enrollment of school districts in the state, (3) per-pupil expenditures and per-capita income, and (4) general physiographic features of the state. Data regarding these selection criteria are shown in Tables II-V for the states as grouped by the four conceptual bases. The criteria were applied in an attempt to achieve what was perceived to be a "best" match indicating a degree of similarity to Oklahoma, which was initially

TABLE I
STATES GROUPED BY POLICY BASES REGARDING
SMALL SCHOOL DISTRICTS

Revenue-All (n=8)	Policy Base		Intolerant (n=11)
	Revenue-Some (n=15)	Neutral (n=15)	
Kansas	Alaska	Connecticut	Alabama
Montana	Arizona	Illinois	Delaware
Nevada	Arkansas	Indiana	Kentucky
North Dakota	California	Iowa	Maryland
Oklahoma	Colorado	Massachusetts	Mississippi
Pennsylvania	Florida	Michigan	North Carolina
South Dakota	Georgia	Minnesota	South Carolina
Wyoming	Idaho	Missouri	Tennessee
	Louisiana	New Hampshire	Utah
	Maine	New Jersey	Virginia
	Nebraska	New York	West Virginia
	New Mexico	Ohio	
	Oregon	Rhode Island	
	Texas	Vermont	
	Washington	Wisconsin	

SOURCE: Bass, 1987.

selected to represent those states in which supplemental revenue is provided to all small school districts. Application of the criteria indicated that the four representative states were Oklahoma, Oregon, Minnesota, and South Carolina.

Oklahoma was selected from the group of states in which supplemental revenue is provided to all small school

districts. Nevertheless, data from all eight states are shown in Table II.

Oregon was selected from the sample of states providing supplemental revenue only to some small school districts. This policy of providing supplemental revenue only when justified by geographic isolation exemplifies the second of the four state conceptual bases addressed in this study. This group was one of the largest with 15 identified states. Data regarding the criteria of student population, density, number and enrollment of districts, and per-pupil expenditures and per-capita income for each of these states are provided in Table III. Oklahoma's relative data were then placed in relationship to these results and the various states were evaluated based upon their relative similarity to Oklahoma.

Analysis of the data shown in Table III first focused on data relative to population density. Consideration of each state's land area yielded a mean in this group of 128,638 square miles, with a standard deviation of 134,430 square miles. Oklahoma's value of 69,919 square miles places it one standard deviation below the mean. Eliminating those states located in different standard deviations removed three states from further consideration. The three states dropped were Alaska, California, and Texas. Analysis of the states' student enrollment data yielded a mean of 953,881 students and a standard deviation of 1,112,770

TABLE II
STATES WITH SUPPLEMENTAL REVENUE FOR
ALL SMALL SCHOOL DISTRICTS

State	Criteria I			Criteria II		Criteria III	
	Area of *State	**Student Enrollment	Student ***Density	**Number of School Districts	Average Enrollment ***Per District	**Per Pupil Expenditures	**Per Capita Income
Kansas	82,264	405,222	4.93	305	1,329	\$3,190	\$12,285
Montana	147,138	153,646	1.04	651	279	2,726	9,999
Nevada	110,540	151,200	1.37	17	8,894	2,870	12,516
North Dakota	70,665	114,765	1.62	296	338	3,307	11,350
Oklahoma	69,919	588,038	8.41	615	953	3,312	11,187
Pennsylvania	45,333	1,737,952	38.34	501	3,469	3,725	11,510
South Dakota	77,047	122,656	1.59	195	629	2,386	9,704
Wyoming	97,914	100,965	1.03	49	2,061	4,488	11,969

SOURCES: *The World Book Encyclopedia, 1981 edition.
 **The Education Almanac 1985-86-Facts and Figures About Our Nation's System of Education, National Association of Elementary School Principals, Edited by Leroy V. Goodman, 1985.
 ***Mathmatically calculated from other two sources.

students. Oklahoma's value of 588,038 students places it one standard deviation below the mean. Again removing those states in a different standard deviations excluded two additional states: Florida and Georgia. Computation and comparison of student density data eliminated Louisiana and Washington from further consideration. Analysis of data from Criterion II resulted in no additional states being eliminated. Criterion III data supported the removal of Arkansas from further consideration. The states remaining for consideration then were Arizona, Colorado, Idaho, Maine, Nebraska, New Mexico, and Oregon.

With the relative similarity of states within this group, the choice of one representative state was not readily obvious. Since Bass (1980) had indicated that the Oregon geographical isolation factor was one of the most effective of such factors, Oregon was thus selected to represent this group of states.

Minnesota was selected from the sample of states with apparently neutral fiscal policies regarding small school districts. This policy of neutrality exemplifies the third of the four underlying conceptual bases addressed in this study. This group also included 15 states.

Application of the criteria in a manner similar to that applied to the previous group resulted in the elimination of 13 states under Criterion I of Table IV. Those remaining were Minnesota and Missouri. Analysis of

TABLE III
STATES WITH SUPPLEMENTAL REVENUE FOR
SOME SMALL SCHOOL DISTRICTS

State	Criteria I: Density			Criteria II: Districts		Criteria III: Finance	
	Area of State ¹	Student Enrollment ²	Student Density	Number of School Districts ²	Average Enrollment Per District	Per Pupil Expenditures ²	Per Capita Income ²
Alaska	586,400	94,767	0.16	53	1,788	\$6,688	\$16,820
Arizona	113,909	545,760	4.79	225	2,426	2,738	10,719
Arkansas	53,104	456,035	8.59	367	1,243	1,666	9,040
California	158,693	4,089,017	25.79	1,029	3,774	2,416	13,239
Colorado	104,247	542,175	5.20	181	2,995	3,261	12,580
Florida	58,560	1,492,366	25.48	67	22,274	3,201	11,592
Georgia	58,876	1,050,900	17.85	187	5,620	2,309	10,283
Idaho	83,557	208,365	2.49	116	1,796	2,198	9,342
Louisiana	48,523	768,450	15.84	66	11,643	2,821	10,406
Maine	32,215	209,753	6.51	178	1,178	2,829	9,619
Nebraska	77,303	267,594	3.46	1,035	259	2,927	10,940
New Mexico	121,666	269,949	2.22	88	3,068	2,921	9,560
Oregon	96,981	446,700	4.61	309	1,446	3,771	10,920
Texas	267,339	3,130,151	11.71	1,099	2,848	2,670	11,685
Washington	68,192	736,238	10.80	299	2,462	3,106	12,051
Oklahoma	69,919	588,038	8.41	615	953	3,312	11,187

SOURCES: ¹The World Book Encyclopedia, 1981 edition.

²The Education Almanac 1985-86-Facts and Figures About Our Nation's System of Education.

data from Criterion II resulted in the elimination of both Minnesota and Missouri leaving all states excluded. Criterion III data supported the reinclusion of Minnesota and Missouri for continued consideration. With these two states, Minnesota and Missouri, the researcher then selected Minnesota as the state for study.

South Carolina was selected as the representative state from the group of states that were intolerant of small school districts. This policy exemplifies the final of the four underlying state conceptual bases addressed in this study. This group contained 11 states.

Evaluation of Criterion I data as shown in Table V supported the elimination of Alabama, Delaware, Maryland, North Carolina, Tennessee, Utah, and Virginia. Remaining for consideration were Kentucky, Mississippi, South Carolina, and West Virginia. Data regarding Criterion II were at such variance from Oklahoma data that all 11 states would be eliminated by such analysis. Analysis of Criterion III data supported the elimination of 10 of the 11 states. The lone state remaining under Criterion III was Maryland. Of the five similar states, Kentucky, Maryland, Mississippi, South Carolina, and West Virginia, South Carolina was selected. Therefore, the four states in the sample, and the policy bases associated with each are: (1) Oklahoma which provides supplemental revenue for all small school districts, (2) Oregon which provides supplemental revenue to some small

TABLE IV
STATES NEUTRAL ABOUT SUPPLEMENTAL REVENUE
FOR SMALL SCHOOL DISTRICTS

State	Criteria I: Density			Criteria II: Districts		Criteria III: Finance	
	Area of State ¹	Student Enrollment ²	Student Density	Number School Districts ²	Average Enrollment Per District	Per Pupil Expenditures ²	Per Capita Income ²
Connecticut	5,009	480,492	95.93	145	3,314	\$4,061	\$14,826
Illinois	56,400	1,853,316	32.86	1,010	1,835	3,397	12,626
Indiana	36,291	984,090	27.12	305	3,227	2,730	10,567
Iowa	56,290	494,966	8.79	483	1,025	2,821	11,048
Massachusetts	8,257	876,935	106.21	337	2,602	3,176	13,089
Michigan	58,216	1,573,389	27.03	527	2,986	3,648	11,574
Minnesota	84,068	701,180	8.34	434	1,616	3,376	11,666
Missouri	69,674	795,453	11.42	546	1,457	2,714	10,780
New Hampshire	9,304	156,750	16.85	169	928	2,796	11,620
New Jersey	7,836	1,147,841	146.48	616	1,863	4,943	14,057
New York	49,576	2,661,041	53.68	728	3,655	4,845	13,146
Ohio	41,222	1,827,484	44.33	616	2,967	2,816	11,254
Rhode Island	1,214	136,179	112.71	40	3,404	3,720	11,504
Vermont	9,609	99,687	10.37	277	360	3,148	10,036
Wisconsin	56,154	774,656	13.80	432	1,793	3,645	11,132
Oklahoma	69,919	588,038	8.41	615	953	3,312	11,187

SOURCES: ¹The World Book Encyclopedia, 1981 edition.

²The Education Almanac 1985-86—Facts and Figures About Our Nation's System of Education.

TABLE V

STATES INTOLERANT AND WITHOUT SUPPLEMENTAL
REVENUE FOR SMALL SCHOOL DISTRICTS

State	Criteria I: Density			Criteria II: Districts		Criteria III: Finance	
	Area of State ¹	Student Enrollment ²	Student Density	Number of School Districts ²	Average Enrollment Per District	Per Pupil Expenditures ²	Per Capita Income ²
Alabama	51,609	708,180	13.72	129	5,490	\$2,102	\$ 9,235
Delaware	2,057	91,406	44.44	19	4,811	4,061	12,442
Kentucky	40,395	547,414	13.55	180	3,041	2,550	9,162
Maryland	10,577	683,491	64.62	24	28,479	3,720	12,994
Mississippi	47,716	467,744	9.80	154	3,037	1,962	8,072
North Carolina	52,712	1,089,606	20.67	142	7,673	2,460	9,656
South Carolina	31,055	603,026	19.42	92	6,555	2,431	8,954
Tennessee	42,244	826,470	19.56	143	5,780	2,173	9,362
Utah	84,916	378,208	4.45	40	9,455	1,992	9,031
Virginia	40,815	966,110	23.67	139	6,950	2,967	11,835
West Virginia	24,181	371,251	15.35	55	6,750	2,587	8,937
Oklahoma	69,919	588,038	8.41	615	953	3,312	11,187

SOURCES: ¹The World Book Encyclopedia, 1981 edition.

²The Education Almanac 1985-86-Facts and Figures About Our Nation's System of Education.

school districts because of geographical isolation, (3) Minnesota which remains neutral in support of small school districts, and (4) South Carolina which is intolerant of small school districts.

Procurement of the Data

Contact was established by letter with each of the selected state's, State Department of Education soliciting some basic pieces of information. The letter was followed with a telephone call to target the person and department that could deliver the most reliable information. The telephone was used for additional clarification after the basic information had been received.

Information was requested for the school year beginning July 1, 1987 and ending June 30, 1988 (1987-1988). The request asked for an annual report or listing of basic statistical information for each district within the state to include district names, enrollments, revenues, etc. Also, the size in square miles of each district and the distance between districts were solicited. The final field of information asked for was the regulations and policies governing the statewide distribution formula for school revenues.

Application of the Data

Each of the selected state's statutes and regulations regarding the financing and structuring of their schools was applied to the demographic data from the Oklahoma information base. Comparisons and summaries of the data were made regarding the number and size of the likely surviving school districts, their relative location, and any other noticeable impact upon Oklahoma school districts. A final summary was developed to include comparison and contrast between the four sets of newly constructed conditions encountered by these applications to Oklahoma school district data.

CHAPTER IV

OKLAHOMA: FINANCIAL SUPPORT FOR ALL SMALL SCHOOL DISTRICTS

Oklahoma is comprised of an area of approximately 68,655 square miles (Dikeman, 1988) which in 1987-88 was divided into 611 public school districts (Hoeltzel, 1988a). As shown in Figure 1, 402 of those districts each had an average daily attendance of less than 500 pupils. All of the 402 small school districts were eligible for additional funding through a "small school formula" (Parker & Pingleton, 1985; Salmon, Dawson, Lawton, & Johns, 1988). This component of the state aid formula is consistent with a policy base which provides for financial aid for all small school districts.

The additional financial support for small school districts in Oklahoma is accomplished through calculations in both tiers of its two-tiered state funding formula (Salmon et al., 1988). A weighted district size calculation is computed in the foundation aid tier for any school district whose average daily attendance (ADA) is less than 500. Another weighted calculation is made in the incentive aid tier for those school districts whose average daily membership (ADM) is less than 500 (Hoeltzel, 1988b). A

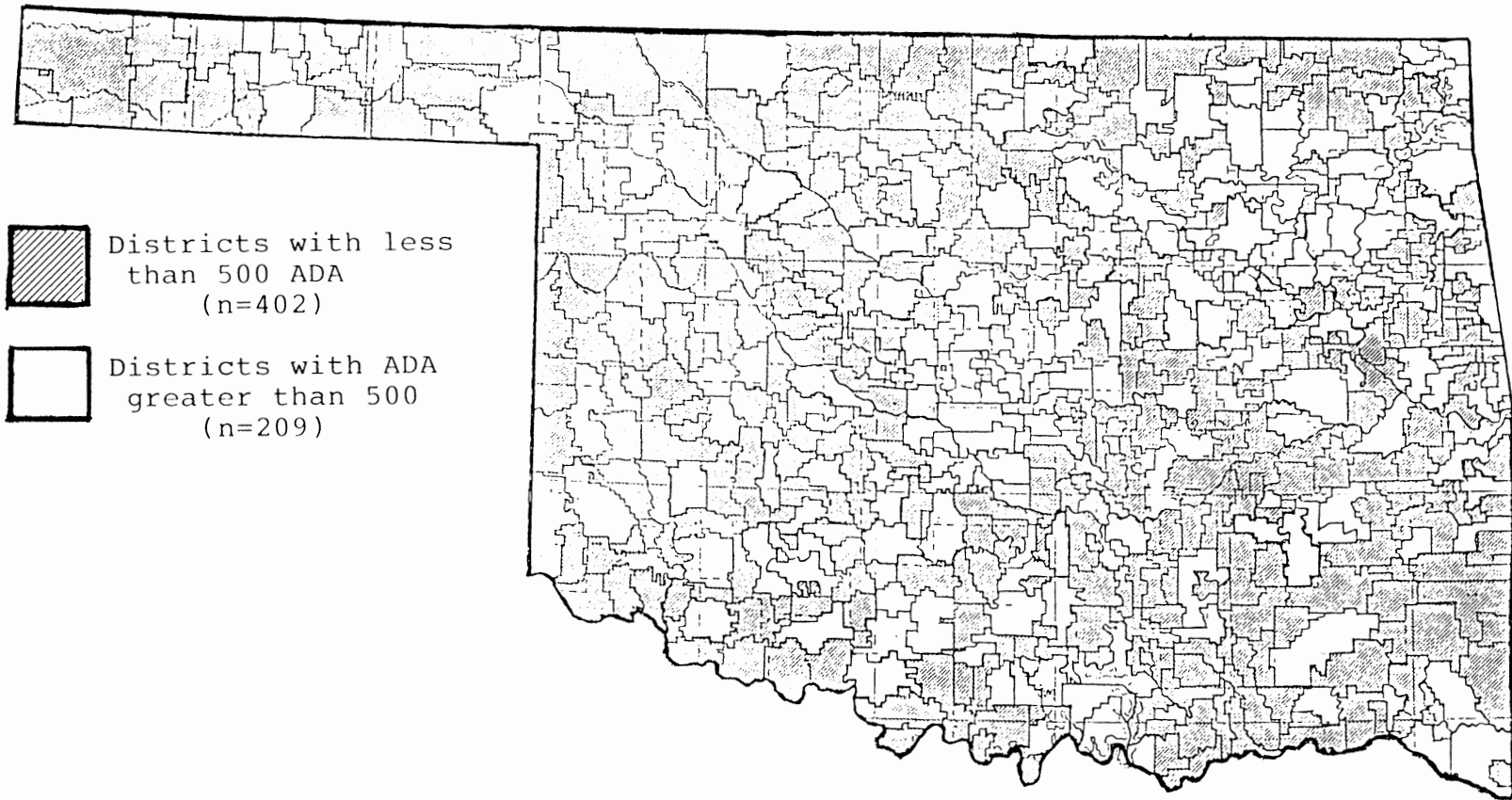


Figure 1. Oklahoma School Districts With Average Daily Attendance Less Than 500

school district, Alpha, with an ADA of 465 would generate \$935.55 in additional foundation aid. The same school district with its ADM of 484 would receive a total of \$129.70 in supplemental incentive aid (Pickens, 1989). A second district, Beta, with 115 students (ADA) would generate additional first tier foundation aid in the amount of \$16,966.18 while its ADM of 122 would produce an additional, second tier apportionment of incentive aid in the total amount of \$772.35. The small school factor would thus provide an additional \$2.20 per pupil (ADM) for the Alpha district, while the considerably smaller Beta district would receive \$265.68 per pupil (ADM). More details regarding these calculations will be provided in a later portion of this chapter.

Overview

Each of the 50 states that make up this nation has its own unique set of descriptors. History, people, land forms, political system, and economies of these states have similarities, and yet each is distinctly different. These topics are focused, in this chapter, on Oklahoma as a representative state with a policy of providing financial aid to all small school districts.

History

Before statehood, Oklahoma was composed of two separate governmental entities (Montgomery, Mosier, & Bethel, 1935). The Indian Territory and the Oklahoma Territory each had its own system of educational services. The tribes paid for the education of their young in the Indian Territory, while local sources of revenue (tuition and ad valorem taxes, primarily) supported the education of the youth in the Oklahoma Territory. Many students also had access to subscription schools through which parents in a common region, generally perceived to be a community, would directly provide for educational services by paying a fee, plus furnishing the teacher with room and board (Montgomery, Mosier, & Bethel, 1935).

In 1907, the two territories were merged into one state government. At that time, the United States Congress set aside Sections 16 and 36 in each Oklahoma Territory township for support of common schools and Section 13 for support of higher education. To support education in the former Indian Territory, the Congress awarded a one-time payment of \$5 million to the State in lieu of land (Montgomery, Mosier, & Bethel, 1935).

The first attendance areas were established by the Territorial Legislature. Each township was divided into four elementary areas with the provision that one high school may be established in each township or in each town

of more than 500 in population (Godfrey, 1957). The elementary school districts were three miles on each side, or nine square miles, which was in keeping with the idea of providing educational opportunities within easy walking distance of the home of every child (Crist, 1986). At a later time, the Territorial Legislature changed its mind and made the high school attendance area, or district, coterminous with that of the elementary attendance district. So, from the beginning history of the State there have been a large number of small school districts.

In 1914 the total count of school districts reached its peak of 5,880 (Jenlink, 1986). A 1935 Brookings Institute Report listed 4,951 districts (Godfrey, 1957). A 1949 state law created a minimum size for school districts. If a district had less than 13 students (ADA), the State Board of Education was obligated to declare the school district to be "disorganized" (Crist, 1986). Students and district property would then be transferred to the nearest other school district. By 1956, Godfrey reported only 1,655 school districts in the State at that time. The 1949 law was amended by the Oklahoma Legislature in 1971, raising the minimum school district size to 20 in ADA, and again in 1979 by repealing that section of state law.

Table VI shows the number of Oklahoma school districts which were annexed or consolidated during each year from 1960 through 1989. Since statehood, over 5,200 school

districts have been combined with others. During the year of this study, school year 1987-1988, there were a total of 611 operating school districts.

TABLE VI
ANNEXATION AND CONSOLIDATION OF
OKLAHOMA SCHOOL DISTRICTS,
1960 TO 1989

Calendar Year	Number of Districts Dissolved
1960-64	212
1965-69	395
1970-74	51
1975-79	11
1980-84	6
1985-89	6
Total	681

SOURCE: Crist (1986).

People and Land

The 1988-89 School District Directory from the Oklahoma State Department of Education indicated that there were 609 school districts in the State that year. Of this total, 152 were dependent (K-6 or K-8) districts and 457 were independent (K-12) districts. A school district map of Oklahoma, reflecting these 1988-89 data, is pictured in

Figure 2. The geographical area encompassed within individual districts varied from 1 to 907 square miles. The mean area was 126.78 square miles, with a standard deviation of 107.48 square miles. The mileage between similar attendance sites in adjacent districts was calculated in each of the four quadrants adjacent to each existing school district. The quadrants were constructed by drawing a north-south and an east-west line through the center of each district. The mileage to the school district closest to the district of central focus in each quadrant was then noted. The average number of miles to the closest other attendance sites of the four surrounding school districts for existing Oklahoma school districts was 12.91 miles with a standard deviation of 7.18 miles. The minimum distance was 1 mile and the maximum distance was 72 miles.

The 1988 edition of the Statistical Abstract of Oklahoma indicated the current population of the State to be approximately 3,305,000. Oklahoma is the fifth fastest "graying" state, with its average age rising faster than those of 45 of the other 50 states (Garrett, 1989). Table VII lists the population of Oklahoma by age groups. Oklahoma males represented 49.7% of the total population of the State while females encompassed 50.3% of the total. Table VIII lists the population distribution in Oklahoma by race.

Troy (1990) reported that approximately 75% of the population of Oklahoma resides east of Interstate 35. The

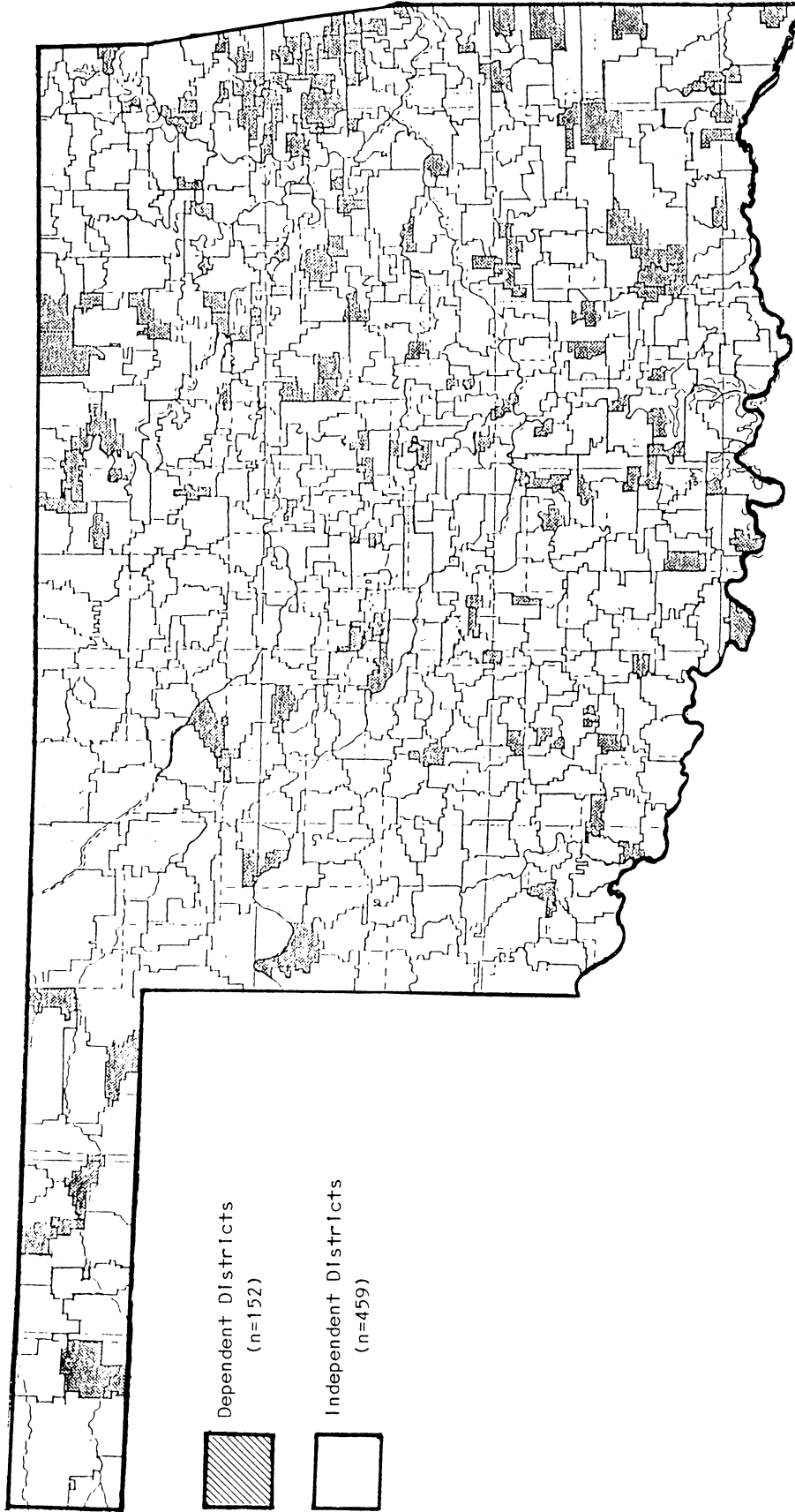


Figure 2. Independent (K-12) and Dependent (K-8) School Districts in Oklahoma, 1988-89.

TABLE VII
 POPULATION OF OKLAHOMA,
 BY AGE, IN 1986

Age Group	Percent
0- 4	8.5
5-17	18.9
18-44	42.1
45-64	18.5
65 & over	12.0

SOURCE: Statistical Abstract of
 Oklahoma (1988).

TABLE VIII
 POPULATION OF OKLAHOMA,
 BY RACE, IN 1986

Racial Group	Percent
White	86.8
Black	6.8
Indian	5.3
Asian	1.0
Hispanic	2.1

SOURCE: Statistical Abstract
 of Oklahoma (1988).

population of Oklahoma, when compared with the nation as a whole is less urban, more suburban, and more rural (Hobbs, 1986). The average Oklahoman is also more likely to live on a farm. The area of major population density in Oklahoma is in fact, concentrated along a 30 mile wide diagonal area. This concentration of population can be found beginning in the northeast section of the State around Miami and extending in a southwesterly direction terminating in the Lawton-Altus area in the southwestern part of the state. This demographic pattern is shown in Figure 3 (Hobbs, 1986).

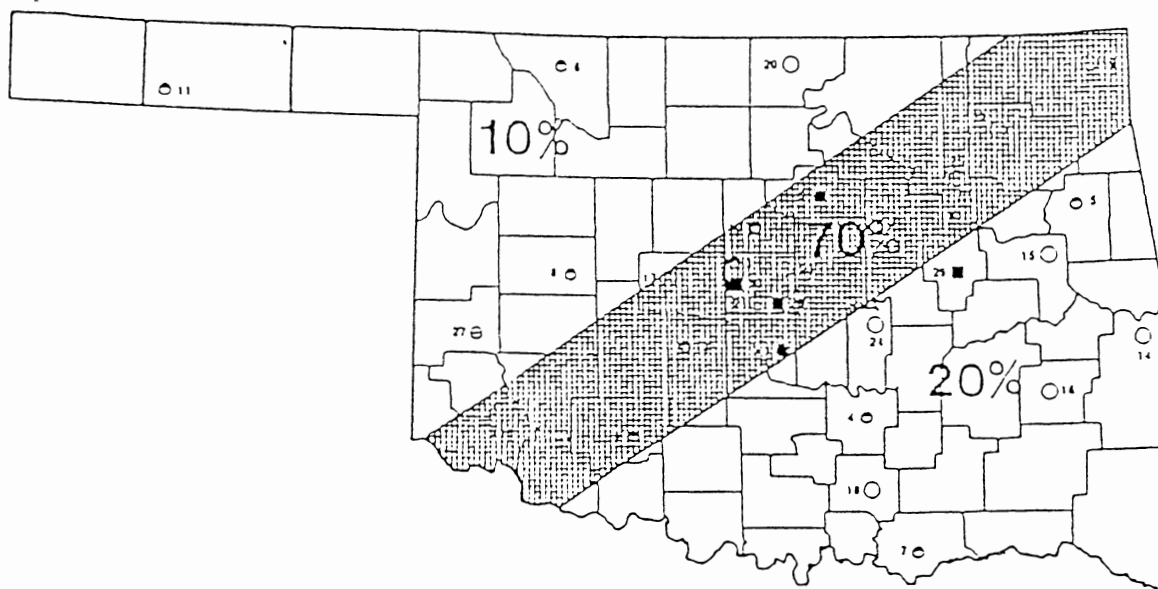


Figure 3. Population Distribution and Oklahoma's Development Zone.

The unweighted average daily attendance (ADA) data from all 611 Oklahoma school districts reveal a range of 38,700 with individual districts varying from 23 to 38,723. The mean size was 895.50 students (ADA) with a standard deviation of 2,696 ADA. The total ADA in the state for 1987-88 was 547,149. The Curriculum Information Center Oklahoma Directory for school year 1988-89, which is based on 1987-88 data, lists 1,750 public school attendance sites with 104 additional sites for private schools. Enrollment for private schools was listed as 19,585 students.

Table IX demonstrates how Oklahoma compares with its neighboring states in the number of households and the average number of persons in each household. Oklahoma is below the mean in both categories. Of the states represented Oklahoma ranks second behind Texas in the number of school districts within the state.

While Oklahoma ranks as one of the medium sized states its size is larger than that of any of the states east of the Mississippi River. Of its 77 counties, Osage is the largest with 2,293 square miles and Marshall, with 414 square miles, is the smallest (Godfrey, 1957). Oklahoma has a variety of land forms comprising its topography. The most prevalent feature is the plains which constitutes the major portion of the western part of the State. This is also probably the optimum area for agricultural production. The eastern section contains hills and trees with considerably

TABLE IX
 NUMBER OF HOUSEHOLDS AND PERSONS PER
 HOUSEHOLD IN OKLAHOMA AND
 SURROUNDING STATES
 IN 1986

State	Number of Households (thousands)	Persons/Household
Arkansas	886	2.62
Kansas	935	2.54
Louisiana	1,567	2.81
Missouri	1,916	2.58
New Mexico	523	2.78
Oklahoma	1,255	2.56
Texas	5,916	2.76
United States	88,797	2.65

SOURCE: Statistical Abstract of Oklahoma (1988).

more bodies of water than can be found in the other sections. Table X lists the land cover and its use in Oklahoma in relation to the states which surround it. Oklahoma is less urban and more dependent upon an economy which is agriculturally based.

The general topography of Oklahoma rises gently in elevation from the southeast corner of the State to the northwest section extending throughout the panhandle area (Godfrey, 1957). The lowest point in elevation, located in the furthest southeast section, is 500 feet above sea level while the highest point, at 4,000 feet above sea level, is found in the Black Mesa area in the extreme

TABLE X

OKLAHOMA LAND COVER AND ITS USE
RELATIVE TO THAT OF
SURROUNDING STATES

	Federal Area	Urban and/or Built Up Area	Crop Area	Pasture and Range Land Area	Forest Area	Other Area
ARKANSAS	9.1%	1.4%	23.3%	18.1%	42.1%	6.0%
KANSAS	1.1%	1.4%	55.4%	36.4%	1.2%	4.5%
LOUISIANA	3.3%	2.4%	20.4%	8.3%	42.2%	23.4%
MISSOURI	4.4%	2.3%	33.3%	28.4%	24.3%	7.3%
NEW MEXICO	33.4%	0.3%	3.1%	52.4%	6.8%	4.0%
OKLAHOMA	2.4%	1.3%	25.3%	49.4%	14.3%	7.3%
TEXAS	1.8%	2.4%	19.3%	65.3%	5.5%	5.7%
UNITED STATES	20.4%	2.4%	21.7%	27.8%	20.4%	7.3%

SOURCE: Statistical Abstract of Oklahoma (1988).

northwest section of the panhandle. The Wichita Mountains are located in southwestern Oklahoma and the Arbuckle Mountains are found in the south-central portion. These two regions are probably more hill-like in nature compared to the Ouachita Mountains of the southeast part of Oklahoma.

Political System

Oklahoma has a bicameral legislature with a Senate and a House of Representatives. Senators have four-year terms and representatives have two-year terms. The Senate is comprised of 48 members while the House of Representatives contains 101. Apportionment is on the basis of equal representation (McReynolds, Marriott, & Faulconer, 1985).

At the present time, the urban areas of Oklahoma qualify for a political majority of state legislators (Kamas, 1988). If Oklahoma continues to follow the national trend of further demographic shifting from rural to urban areas, then reapportionment of the state legislative districts in 1991 will probably create additional urban legislators and still fewer rural representatives.

The state court system is composed of 25 judicial districts, each having jurisdiction over felony trials and major civil actions (McReynolds, Marriott, & Faulconer, 1985). The district judges are elected and serve four-year terms. The appellate court system contains two branches, one to hear civil appeals and the other for criminal

appeals. The appellate justices serve six-year terms. In recent years, questions have been raised in the State's court system in regard to equity in school funding. The judicial decision in the Fair School Finance Council case did not require any changes in school funding patterns, but the topic continues to be of major concern across the State.

The governor may be elected for a maximum of two four-year terms. The governor is the chief executive officer of the State and sits on numerous boards and committees (McReynolds, Marriott, & Faulconer, 1985). Other elected state officials who assist in the administration of the executive branch include the lieutenant governor, attorney general, treasurer, auditor and inspector, secretary of state, commissioner of labor, state insurance commissioner, and a superintendent of public instruction. In recent years, a cabinet form of government has been authorized and the executive branch leadership currently is split between appointed cabinet secretaries and elected officials (Kamas, 1988). This has provided for the creation of a cabinet office of Secretary of Education. For the first time in Oklahoma history a single governmental official is reporting to the governor on behalf of the three state educational branches which consists of the public school districts, vocational and technical education sites, and the institutions for higher education.

The State Board of Education is comprised of six gubernatorial appointees confirmed by the Senate with a state superintendent of public instruction serving as the president and chief executive officer. The supervision of the State Department of Education and the control of the public schools of Oklahoma is vested in the State Board of Education (School Laws of Oklahoma, 1988). The state superintendent is an elected state official, serving a four-year term.

Supervision of school accreditation and changes in accreditation standards are a primary function of the State Board of Education. Teacher certification is also overseen by the State Board. Any alternate educational delivery system or other configuration varying from the general board policies or department regulations requires prior approval from the State Board.

The State is divided into 77 counties each operated by a board of three county commissioners (Holmes, 1982). The commissioners have no ordinance-making powers. Their main function is to build roads, to approve expenditure claims of the county government, and to attend to certain welfare matters. County government is the unit which administers the ad valorem tax bases of the individual school districts within its jurisdiction.

The local school board's general administrative procedures and policies are governed by State Board of

Education regulations and Oklahoma statutes. For example, minimum graduation requirements are set by the State Board of Education and have recently been raised from 18 to 20 units. In some situations this has worked additional hardships on some of the smaller rural school districts across the State (Dale, 1983).

Various other advisory groups have been formed and because of the nature of their existence they are frequently involved in the political process. The Professional Standards Board is an advisory group which is involved in the political dialogue focused on teacher certification. The teachers have two organizations to choose from for professional support, the Oklahoma Education Association (OEA) and the American Federation of Teachers (AFT). Public school administrators are offered an umbrella organization, the Cooperative Council of Oklahoma School Administrators (CCOSA), under whose structure are three suborganizations. The superintendents are served by the Oklahoma Association of School Administrators (OASA), the secondary principals are members of the Oklahoma Association of Secondary School Principals (OASSP), and the elementary principals are involved with the Oklahoma Association of Elementary School Principals (OAESP). Support personnel can obtain group membership with representation by OEA, AFT, or CCOSA.

Economy

Oklahoma's economy is preeminently tied to agriculture and petroleum. Both of these industries suffered unprecedented simultaneous financial declines during the 1980s (Folks, 1986). These economic declines were ultimately manifested as decreases in state revenues for the support of public schools as well as for the other governmental services (Deering, Shive, Bass, & Pettigrew, 1989). However, economic development in recent years has begun to show growth revolving around small industrial and fabrication concerns (Folks, 1986).

The downward slide of Oklahoma's economy appears to have bottomed out (Peters, 1989). The state's economic rebound is predicted to be a slow and gradual trend. The Oklahoma economy is now only slightly better poised for growth when compared to the past few years of decline and the slowed national economic expansion could retard this statewide progress.

Oklahoma's agricultural establishment has remained stable and livestock operations are replacing crop production as an increasingly larger share of farm market receipts (Peters, 1989). The State's oil and gas production are expected to increase slightly during the 1990s with national oil and gas prices expected to rise at an annual rate of 2-3%. The eight-year decline in construction in the State is expected to continue. These losses are due to the

continuing oversupply of both housing and office space. The State's manufacturing sector is just beginning to participate in the national trends of moderate expansion. In Oklahoma this economic sector represents 14.7% of the gross state product. Wholesale and retail trade has also bottomed out and slow growth is expected in the future. While Oklahoma financial institutions continue to struggle with the long-term effect of the oil industry collapse, the rate of bank failures has decreased and deposits are beginning to increase.

Transportation, communication, and public utilities seem to be paralleling the national trends. Overall, the output in Oklahoma from this sector looks good (Peters, 1989). The State's service economy is growing proportionately with the national service sector economy. The majority of such providers in Oklahoma employ fewer than five people and are centered around the health, business, and legal service segments of the economy. State government is predicted to grow at a level slightly higher than the national average and most of this is occurring at the local level revolving around education agencies.

Distribution of Funds

In the State of Oklahoma, a school district's local revenue is generated through a county-administered ad

valorem tax system (Holmes, 1982). The number of mills available to schools is limited by the State Constitution and all school districts are currently voting their legal limit (Hoeltzel, 1989). While ad valorem reform has been a topic of discussion in the State Legislature from its inception recent interest in ad valorem reform was demonstrated by the passage of House Bill 1705 in 1988 which provides for a mechanism to assist county assessors with a more equitable process of affixing local property tax rates.

During the year of this study, school year 1987-1988, school district revenues were received from a combination of three main sources (Folks, 1987). Approximately 30% of such revenues were received from county sources while 63% was provided from state revenue with 49% categorized as appropriated revenue and 14% classified as dedicated revenue. The remaining 7% of school district revenues were received from the federal government.

State appropriated revenue is distributed by the state legislature through the distribution formulas in the form of state aid (Hoeltzel, 1988b). State dedicated revenue is distributed through the Oklahoma Tax Commission and is generated from the collection of gross production taxes, auto license tags, income from school lands, and public utility payments made in lieu of property taxes. A portion (10%) of gross production taxes on oil and other mineral extractions is distributed to the school districts within the county in which the production occurred. School

districts in counties without mineral production thus do not participate in the distribution of these receipts. The average per-capita revenue for schools in Oklahoma for school year 1987-88 was \$3,306 with a range of \$12,680, from \$2,245 to \$14,925, with a standard deviation of \$967.

Between the 1983 release of the national reform document A Nation At Risk and 1987, the national composite for individual state outlays for education rose an impressive 41% (Marquand, 1986). Oklahoma, in comparison, dropped 10% in state support for its public schools during this same time period, the only state to experience such a decrease. This is shown in Table XI.

TABLE XI
PER-PUPIL EXPENDITURES BY OKLAHOMA
PUBLIC SCHOOL DISTRICTS

School Year	Per-Pupil Expenditure
1976-77	\$1,129.16
1977-78	\$1,284.18
1978-79	\$1,456.45
1979-80	\$1,654.27
1980-81	\$1,894.93
1981-82	\$2,177.02
1982-83	\$2,472.47
1983-84	\$2,513.83
1984-85	\$2,624.86
1985-86	\$2,948.65
1986-87	\$2,817.00

SOURCE: Hoeltzel, (1988a).

Implementation in 1981 of Oklahoma's current formula for the distribution of state money to public schools was an attempt by state policymakers to respond in part to some of the different cost factors commonly associated with variances in educational costs (Deering et al., 1989). The primary mechanism utilized by the Oklahoma Legislature in this distribution system consists of two equalized formulas, each of which uses pupil weighting factors in the computation of a "guaranteed" level of support to be secured through a combination of local and state revenues. The underlying concept of such a system is that the composition of each school district is unique, requiring differing amounts of revenue to effectively operate that school district while providing for the variances in local wealth (Parker & Pingleton, 1985).

Foundation Aid

The first formula, the Foundation Aid Program, involves the calculation of a total district weighted average daily attendance (ADA) and the multiplication of this weighted total by a legislatively-determined base support level expressed in dollars as shown in Table XII (Hoeltzel, 1988a). In computing the weighted total, calculations are made to adjust the original ADA by grade level, special education program assignment, and, if applicable, district size if less than 500.

TABLE XII
 PER-PUPIL STATE AID GUARANTEES
 IN OKLAHOMA, 1980-1988

School Year	State Aid Formula	
	Foundation Aid	Incentive Aid
1987-88	\$ 945	\$ 38.99
1986-87	\$ 901	\$ 37.43
1985-86	\$ 901	\$ 37.43
1984-85	\$ 910	\$ 38.69
1983-84	\$ 734	\$ 29.40
1982-83	\$ 716	\$ 30.47
1981-82	\$ 686	\$ 30.45
1980-81	\$ 616	\$ 26.63

SOURCE: Oklahoma Annual School Reports,
 1980-1988.

The original ADA calculation is obtained by state audit of the individual district attendance registers with the higher of the past two years used for each grade level (Hoeltzel, 1988b). Each grade level is then adjusted by a weighting factor, as shown in Table XIII, which is multiplied by the original ADA to acquire the total weighted pupil units for each grade. Pupil category weights, Table XIV, are assigned to the various special education and other special program categories.

TABLE XIII
 GRADE LEVEL WEIGHTING FACTORS IN
 THE OKLAHOMA FOUNDATION
 FORMULA, 1987-88

Grade Level	Weighting Factor
Kindergarten	1.300
1st-2nd grade	1.334
3rd grade	1.034
4th-6th grade	1.000
7th-12th grade	1.200

SOURCE: Hoeltzel, (1988b).

TABLE XIV
 PUPIL CATEGORY WEIGHTING FACTORS
 IN THE OKLAHOMA FOUNDATION
 FORMULA

Pupil Category	Weighting Factor
Learning Disabled	.40
Hearing Impaired	2.90
Vision Impaired	3.80
Multiple Handicapped	2.40
Speech Impaired	.05
Bilingual	.25
Educationally Mentally Handicapped	1.30
Trainable Mentally Handicapped	1.30
Emotionally Disturbed	2.50
Physically Handicapped	1.20
Gifted/Talented	.34
Deaf/Blind	3.80
Special Education Summer School	1.20

SOURCE: Hoeltzel, (1988b).

Of most specific interest to this study is the final adjustment, the weighted district size (WDS) calculation. This computation is made through the formula shown in Figure 4.

$$\frac{500 - \text{Original ADA}}{500} \times .2 \times \text{Original ADA} = \text{WDS}$$

Figure 4. Weighted District Size Calculation
in the Oklahoma Foundation Formula

The WDS is multiplied by the total ADA of the various other weighted categories to obtain the weighted ADA for the WDS. All weighted ADA figures are then added to identify total weighted ADA. That sum is then multiplied by the per-pupil guarantee to identify the district's guarantee (Hoeltzel, 1988b).

In order to adjust the actual amount of state foundation aid for varied levels of local wealth chargeable income derived through local ad valorem tax levies and various state-dedicated revenues are subtracted from the foundation aid guarantee (Hoeltzel, 1988b). In those instances in which these "chargeables" exceed the guaranteed amount, each such district has sufficient local revenues and thus does not qualify for any foundation aid from the State.

Incentive Aid

The second formula, for salary incentive aid, also involves the calculation of a district's total weighted pupil units and the subsequent multiplication of this total by a legislatively-determined incentive aid guarantee factor. However, in this second formula, pupil units are calculated in average daily membership (ADM), invariably a higher figure than ADA since enrolled pupils are included in ADM even when absent from school. The guaranteed level of funding for the incentive aid factor is shown in Table XII. These levels are significantly less than the comparable guarantee in the foundation formula because this guarantee is per pupil, per mill and, as will be shown later, can be multiplied up to 20 times, depending upon the level of locally-approved support.

The initial ADM data are again obtained by state audit of the district attendance registers, with the highest ADM of the past two years used for each grade level (Hoeltzel, 1988b). ADM for each grade level is adjusted by the same weight as used in the foundation aid formula to compute grade-level weighted pupil units. ADM weighted pupil units are also calculated for number of economically disadvantaged students, training and experience levels of teachers, and district size. Of most specific interest to this study is the final adjustment, the weighted district size (WDS)

calculation for the incentive aid portion of the distribution formula.

The district size calculation is also made here as in the first formula. The method used is the same as shown in Figure 4 except ADM figures are used instead of the ADA figures. The figure compiled is the weighted district size calculation.

An adjusted total of the district's assessed property valuation is divided by 1,000 to determine the revenue which would be received by a tax levy of one mill. This is then subtracted from the incentive aid guarantee as an adjustment for local wealth. The remainder is then multiplied by the number of mills levied in the district above the 15 mills authorized solely by the school board. This number is usually the allowable maximum of 20 because all school districts in Oklahoma are currently authorized by their voters to levy the constitutional maximum of 35 mills (Parker & Pingleton, 1985). This final product represents the amount of incentive aid the district qualifies for and is eligible to receive from the State. Total state formula or equalization aid would thus equal the sum of the foundation aid program allocation and the incentive aid allocation.

Impact on Oklahoma School Districts

Isolation of the two small school calculations for each qualifying district was relatively easy. The computer data base (1987-1988) at the Oklahoma State Department of Education was used to identify the 402 Oklahoma school districts which each had an ADA and/or ADM of less than 500 students. The weighted district size calculation was then isolated for each of the members of the identified population and the resulting computations for both foundation and incentive weighted district size were made. Each of the weighted district size calculations in the foundation aid portion was multiplied times the 1987-1988 factor of \$945 and each weighted district size calculation in the incentive aid portion was multiplied times the 1987-1988 guarantee factor amount of \$38.99. This process yielded the additional revenue each small school district with an ADA of less than 500 would qualify for in each of the two tiers of the Oklahoma distribution formula.

Calculation for the small school factor in the foundation aid formula produced a range among the 402 identified school districts of 21.41 weighted pupil units and \$20,232.30 in guaranteed revenue. The minimum allocation of \$3,392.55 was provided through 3.59 pupil units while the maximum of \$23,625.00 represented 25.00 pupil units. These small school districts received, from a combination of local

and state funds, authorization for a total of \$272,343,855 in 1987-1988 (Hoeltzel, 1988a).

Computations of the small school factor in the incentive aid formula for the 402 school districts with ADM of less than 500 produced a range of \$19,492.67 in guaranteed revenue. The minimum of \$2.33 was allocated to a district based on the formula calculation which resulted in a WDS generating only 0.06 of a weighted student while the maximum of \$19,495.00 resulted in a WDS calculation of 25 weighted pupil units. The mean was \$14,157.20 with a standard deviation of \$4,940.20.

District combined totals of these two revenue supplements for Oklahoma small school districts yielded a range of \$21,204.50 with a minimum of \$3,394.88 and a maximum of \$24,599.40. The mean was \$18,186.20 with a standard deviation of \$5,786.25.

Dollar amounts of incentive aid for the 402 identified school districts were the result of mathematical calculations used to derive the additional small school district weighted pupil units which were then multiplied times the incentive aid guarantee factor. Notation was made of these district totals with the assumption that the school board of each school district had exercised its authority to levy the maximum number of mills and that each mill was of equal size from district to district. Due to the isolation of the school district size calculation from the other weighting

factors, the adjustment for local wealth provided in Oklahoma's incentive aid formula was not readily available. However, since Oklahoma's policy base does provide for some additional revenue for all of its small school districts it is unlikely that such a policy base would directly affect the number of school districts.

Summary

Oklahoma is a state comprised of many school districts. Of the 611 public school districts in operation during school year 1987-88, a significant portion, 402 or approximately 65%, had an ADA of less than 500 pupils. Oklahoma is one of the younger states and it ranks in the middle in area which allows it to be larger than states east of the Mississippi River. Even though Oklahoma's business climate is considered poor, the economic base is slowly diversifying. The traditional agriculture-petroleum base of former years is yielding to new and challenging demographic trends. Since its conception as a state, public school administrative units were numerous and geographically small. State policymakers have continued to provide a revenue distribution system that acknowledges the presence of, and support for, the small school districts located within its jurisdiction.

CHAPTER V

OREGON: FINANCIAL SUPPORT FOR SOME SMALL SCHOOL DISTRICTS

Oregon is a state of approximately 96,981 square miles (Goodman, 1985) which in 1986-1987 was divided into 304 public school districts, two of which were classified as nonoperating school districts (Salmon et al., 1988). Of those school districts, 167 each had an enrollment of less than 500 pupils. Additional support for some of the small school districts is accomplished through calculation of a "small school correction" factor in the Basic School Support Fund (BSSF), which is Oregon's revenue distribution system (Oregon Administrative Rules, 1987). The BSSF provides for the appropriation of funds first for transportation requirements and then the remaining 70% for basic grants, pupil growth and decline, and equalization (Salmon, 1988). The BSF is best described as a modified foundation program (Bass, 1980). The state uses the pupil measurement of resident average daily membership (RADM) in conjunction with the net operating expenditure data of the individual districts to compute the apportionment of state aid per school district (Duncan, 1987c).

The fact that a school qualifies for the small school correction does not indicate that it automatically receives additional revenue as a result of that classification (Bass, 1980). The small school correction is calculated in the approved program portion of the BSSF distribution formula (Duncan, 1987c). Unlike Oklahoma, which uses a student population of 500 in a school district for the upper limits of its small school district support factor, Oregon uses school (not district) size of 100 RADM as the upper limits for eligibility for small school revenue enhancement (Duncan, 1987c).

Overview

Oregon was selected as the representative of those states which provide supplemental revenue only to some of the existent small school districts. Oregon's small school correction factor is based on geographical isolation which is usually associated with distance or travel time between schools (Bass, 1980). Oregon schools have been operating under this small school correction factor since 1957 (Duncan, 1987b). The early applications were made first on the basis of state determination of isolation and then, since 1959, on the consideration of distance between schools (Bass, 1980).

Oregon's Basic School Support Fund appropriation program is described by Salmon and others (1988) as a state

aid program with various foundation program calculations. State aid for Oregon public schools is derived from legislated appropriations and additional revenues from a common school fund which is comprised of income from school land leases and federal forest fees. The 1986-87 appropriations represented about 29.5% of that year's current school district revenues.

History

Oregon, which was granted statehood as the 33rd state, played a major role in the westward expansion of the United States (Donovan, 1974). The Oregon Territory was the termination point of the famous Oregon Trail. During the great migration, which began along this route in 1849, wagon trains of settlers contained representatives of nearly every state then existing in the Union (Drury, 1973). The Oregon Territory, which encompassed the area which was later to become the states of Oregon and Washington was, prior to the formal settling process, a land of many Indian tribes. The first white men were hunters, fur traders, and missionaries (Fasold, 1969). As the territory became more densely inhabited, the settlers' need for educational services for their children grew. The first schools were maintained chiefly by individuals or religious groups (Donovan, 1974).

At the time Oregon was organizing for statehood in 1848, the United States Congress set aside certain tracts of

land in each township for the support of public schools. By the 1850s public schools were in operation in Portland, Oregon City, and other centers of population (Lowenberg, 1976). The number of school districts in the state has decreased, with 2,556 districts in 1917-18 representing the highest total number. Changes in legislation through the years have enabled reorganization of some districts. The student population in districts ranged from 50,000 students to one (or none) in school year 1987-88 (Salmon, 1988). The governance and organization of Oregon's public schools is stated in Article VIII of their State Constitution: "the legislative assembly shall provide by law for the establishment of a uniform and general system of common schools."

People and Land

The Curriculum Information Center Oregon Directory (1989) indicated that 302 public school districts were then in operation. Two additional districts, classified as nonoperating school districts, were nevertheless still legally in existence; therefore, Oregon had a total of 304 school districts (Salmon et al., 1988). Oregon's school districts can be ordered into two major categories: common school districts and union high school districts (Duncan, 1987b). Common school districts must provide elementary education services and may also offer secondary education. Union high school districts deliver only services at the

secondary level. Within the category of the common school districts, therefore, are two subgroups: elementary districts and unified districts. An elementary school district operates schools only for grades 1 through 6 or 1 through 8, while the unified district either operates all grades, 1 through 12, or provides for the transfer of secondary students to another district's high school on a tuition basis. Kindergarten programs may be offered in any common school district by local option. A union high school district comprises all or part of the territory of two or more elementary districts, providing the secondary education services for either grades 9-12 or 7-12. The union high school district has a legal identity separate from its component elementary districts and has a separate governing board. The state of Oregon consisted of 154 unified districts, 29 unified elementary districts, 98 elementary districts, and 23 union high school districts (Duncan, 1987c).

The geographical area contained within individual Oregon school districts varied from 2 to 7,300 square miles, a range of 7,298 square miles. The mean size was 369.76 square miles, with a standard deviation of 702.92 square miles.

The resident average daily membership (RADM) data from the 302 operating public school districts revealed an average RADM in 1987-88 of 1,404.27 with a range of 47,493.

Individual districts varied from a RADM of 1.5 to 47,495 with a standard deviation of 3,678.08 RADM. The total RADM in the state for this same time period was 430,749. The Curriculum Information Center Oregon Directory (1989) listed 1,208 public school attendance sites with 259 additional sites for private schools. Enrollment for those private schools was reported to be approximately 30,318 students.

The amount of state aid allocated to Oregon schools of course varies from district to district. The amount of state aid per student for the school year 1987-1988 showed a statistical mean of \$1,519.88 with a range of \$24,773.10. The minimum per-capita portion of state aid was \$720.20 and the maximum was \$25,493.30 with a standard deviation of \$1,692.99. These descriptive statistics were calculated only on Oregon state aid figures and do not include any of the local property taxes or other revenues for which the district might qualify (Duncan, 1987a). Between the release of the national reform document A Nation At Risk, in 1983, and 1987, state appropriations for education rose 41% (Marquand, 1986). During that same time period, the Oregon State Assembly generated a 22.5% increase in state aid for its public schools which placed it below the national average.

Political System

The Oregon legislature contains 30 state senators and 60 representatives. The state senators serve four-year

terms and the representatives serve two-year terms. The 1980 population of the state was reported to be 2,632,663 (Goodman, 1985). The population is classified as 67.9% urban and 32.1% rural (Duncan, 1987b). Recent population growth, and mobility patterns, seems to have been concentrated in and around the Portland area, continuing in a southerly direction up the Willamette River valley to Eugene. The less populated area thus includes most of the eastern two thirds of the state (Holden, 1970).

Oregon is divided into 36 counties. While 23 of these counties are governed by boards of county commissioners, the remaining 13 counties are governed by county court officials. The term of office for a county official is four years (Drury, 1973).

Economy

The chief feature of Oregon's economy is its natural resources (Holden, 1970). Oregon suppliers provide more than one fifth of the lumber products consumed in the United States. Other natural resources contributing to the economic base in the state include mineral deposits, fishing, and scenic beauty. The value of manufacturing in Oregon has steadily grown since World War II and currently exceeds the total income from forests, farms, mines, and fisheries. Readily accessible hydroelectric power from the many dams constructed in the recent past is often cited as the chief

factor in an increase in industrialization (Holden, 1970). The processing of timber products, however, continues to be the industrial hub of Oregon's economic base.

The Basic School Support Fund (BSSF) is the product of an initiative petition approved by the voters in November of 1946 (Duncan, 1987b). The original distribution was made in the 1947-48 school year. Subsequent legislatures have made a variety of changes in the manner by which the BSSF is computed and its revenues distributed. The 1981 legislative session required that the amount needed to fund school transportation at the state's prescribed level must continue to be the first claim against the total legislative appropriation for schools. The remainder of the appropriations is to be divided in specified amounts to the other three areas of calculation in the distribution process. This remainder has been divided with 70% designated for the basic grant allocation which also includes calculations for the growth and decline portion of the BSSF computations while the other 30% is to be utilized in the equalization computations. The balance of the local school district budget is made up of a local tax base, federal funds, grants, or foundation contributions.

The local tax base is the maximum amount of property taxes a district can levy without voter approval each year (Salmon et al., 1988). Article XI, Section 11, of the Oregon State Constitution allows the establishment of a local tax

base if approved by a majority of the district's electors at an election held in May of any year. Once approved and levied the local tax base can increase each year by a dollar amount equal to 6% of the largest levy of the previous three years if the revenues are used and not allowed to accumulate. The local tax base then represents a limited continuing authority granted to the district to levy taxes (Duncan, 1987c).

Salmon and others (1988) reported that 64 school districts had no tax bases, 71 districts had outdated bases, and the remaining 169 of the 304 total Oregon school districts had appropriate local tax bases. A school district tax base can be updated or reintroduced by the local voters (Duncan, 1987c). The assumption is being made that those 64 school districts without a tax base have never voted approval of a continuing local tax base during the history of the district, while the 71 districts with outdated tax bases are assumed to have passed, during some May election, the authority for the district to administer a local tax base but that base has not been increased by the allowable percentage and thus does not reflect a suitable level of taxation relative to the present conditions.

The local school district, by Oregon statute, is responsible for financing the educational services provided in each district (Duncan, 1987b). The local school board determines the educational program to be offered and adopts

the budget that will finance said program. The budget must be assembled and reported in compliance with Oregon's local budget laws. When the costs have been determined by the local district, an estimate is made of resources available, other than the local property tax base. These estimated resources are derived from (1) local sources other than ad valorem taxes, (2) intermediate sources of revenue, (3) state revenues, (4) federal program allocations, and (5) other sources of miscellaneous revenue consisting of transfers, loans, or sale of bonds. After all resources, including the local tax base, and educational program requirements have been identified, the budget must be in balance. If the revenues are insufficient to finance the educational services, a tax levy beyond the constitutional local tax base may be submitted to a vote.

If a levy beyond the local tax base is necessary to support a district's operations, it is generally a one-year special levy (Duncan, 1987c). This taxing authority is referred to as a safety net and becomes part of the district's tax base authority for the second succeeding year, but only if it is needed for the continued operations of the district. Thus, tax measures requiring a vote can be divided into three groups: one-year levy proposals (safety nets) in excess of the constitutional local tax base; serial levy proposals for multiple years levy authority for operating expenses and/or capital improvements and new tax base

proposals. At the present time, there are no direct tax rate limitations in effect (Salmon et al., 1988).

Distribution Formula

The amount computed for distribution to each school district in Oregon is divided into three apportionment accounts (Duncan, 1987c). These three accounts include a calculation for transportation; another for the basic education program, which includes a computation for both a basic grant and an equalization entitlement; and the final computation for growth or decline in apportionment.

All districts providing transportation in compliance with the prescribed regulations established by the State Board of Education qualify for reimbursement for a portion of those "approvable expenses." This reimbursement is based upon the expenses incurred for the transportation of pupils between home and school or for room and board expenses in lieu of transportation (Salmon et al., 1988). The base fiscal year transportation apportionment to the individual qualifying school districts is calculated at 60% of the statewide total approved cost for transportation and room and board reimbursement in lieu of transportation from two years previous (Duncan, 1987c). The statewide percentage is determined by the amount available in relationship to the total approved statewide cost from the previous apportionment year. The percentage factor is then applied to each

school district for its current fiscal year transportation apportionment (Duncan, 1988).

The basic education apportionment is used to determine the second amount of state aid to which each Oregon school district is entitled. The basic education apportionment consists of a basic grant amount received by all districts and an equalization amount which varies among qualifying districts (Duncan, 1987a). The basic grant equals 30% of each school district's approved program total. The equalization amount is the difference, if any, between a school district's approved program expenditure and the revenue from a uniform equalization levy adjusted for each \$100 of per-pupil approved program expenditure (Salmon et al., 1988). Because the small school correction revenue entitlement is included in the approved program figure, it has an impact on both the basic grant and the equalization grant.

The approved program consists of approved expenditures during the current regular school year for grades kindergarten through 12 (Duncan, 1987c). The approved program of most school districts is the lesser of the net per-pupil operating expenditures of the district or the statewide average net operating expenditure per-pupil, multiplied by the district's RADM. The approved program limit per RADM is recomputed annually. In those situations involving a district with an approved small school correction factor, the approved program is the lesser of the net operating

expenditures of the district or the small school correction factor (Bass, 1980).

The method for computing the approved basic education program is different in the case of a school which is approved as qualified for a small school correction.

(b) A school may qualify for a small school correction if the average daily membership in grades one through eight or in grades 9 through 12 is below 100 and the State Board of Education, after receiving not later than August 1 a petition from the school district board, determines that the school's continued existence is justified because of physiographic conditions which make transportation to another school not feasible or because of sparsity of population. Where sparsity of population is the determining factor, no elementary school shall qualify if it is within 10 miles by the nearest traveled road from another elementary school and no high school shall be considered if it is located within 15 miles by the nearest traveled road from another high school. Where a school's continued existence is found not to be justified because of proximity to another school, the district operating that school shall be notified in writing by the State Board of Education that, for the purpose of distributing basic school support moneys, it will not be considered eligible for the small school correction as defined in this subsection. Such notice shall be sent to school districts not later than September 30, with the advice that this provision of law shall take effect in the following school year, unless an appeal, setting forth reasons why such action should not be taken, is submitted within 30 days of receipt of the notice by the school district to the State Board of Education and is approved by the body. Upon receipt of such appeal, the State Board of Education shall review the reasons set forth in such appeal and, if it deems it necessary, may direct the Department of Education to hold a hearing to help determine if the district's continued existence is necessary. Not earlier than 60 days nor later than 90 days after receipt of the written appeal, the State Board of Education shall notify the district if its appeal has been approved or disapproved.

(c) The amount of the small school correction shall be adjusted annually by the State Board of Education in a manner consistent with the change in the basic education program level.

(d) The amount of the small school correction shall be added to the cost of the basic education program (approved program) for the school district (Oregon Administrative Rules, 1987, p. 468).

Computations of the Oregon small school correction differs according to the grade configuration of the school. One method is used for grades 1 through 8 and another is used for grades 9 through 12. The small school correction for a school with grades one through eight is computed as follows:

$$\frac{(\text{Limit} \times 100)}{4} \times \text{Teachers} = \text{Small School Correction}$$

Figure 5. Oregon's Small School Calculation for Grades 1 Through 8.

The numerical figure representing the limit is computed annually pursuant to Oregon Revised Statutes Section 327.075 (3) and was \$2,796.74 for the 1987-88 school year. The limit was originally based upon the average per-capita expenditure of Oregon school districts but it failed to keep up with inflation and later had to be manipulated upwards by state policymakers (Koscher, 1989). The number of teachers

used to complete the calculation is determined by the specific RADM of the qualifying elementary school, as shown in Table XV. The small school correction for a school with grades one through eight is thus computed by multiplying the limit by 100 then dividing the product by four and multiplying the quotient by the number of teachers as determined from Table XV (Oregon Administrative Rules, 1987).

The small school correction for a school with grades 9 through 12 is similar to that for elementary schools and is computed as follows:

$$\frac{(\text{Limit} \times 100)}{5} \times \text{Teachers} = \text{Small School Correction}$$

Figure 6. Oregon's Small School Calculation for Grades 9 Through 12.

The small school correction for a school with grades 9 through 12 is computed by multiplying the limit by 100 and then dividing that product by 5 and multiplying the quotient by the number of teachers as determined from Table XVI. Qualifying schools with different grade configurations shall be considered organized on a 1 through 8 and 9 through 12 basis for computation of the small school correction factor (Oregon Administrative Rules, 1987).

TABLE XV

OREGON' SMALL SCHOOL CORRECTION:
 ELEMENTARY SCALE (GR. 1-8),
 BASIC EDUCATION PROGRAM

RADM at School	Teachers Allowed	RADM at School	Teachers Allowed
1-20	1.0000	61	2.5375
21	1.0375	62	2.5750
22	1.0750	63	2.6125
23	1.1125	64	2.6500
24	1.1500	65	2.6875
25	1.1875	66	2.7250
26	1.2250	67	2.7625
27	1.2625	68	2.8000
28	1.3000	69	2.8375
29	1.3375	70	2.8750
30	1.3750	71	2.9125
31	1.4125	72	2.9500
32	1.4500	73	2.9875
33	1.4875	74	3.0250
34	1.5250	75	3.0625
35	1.5625	76	3.1000
36	1.6000	77	3.1375
37	1.6375	78	3.1750
38	1.6750	79	3.2125
39	1.7125	80	3.2500
40	1.7500	81	3.2875
41	1.7875	82	3.3250
42	1.8250	83	3.3625
43	1.8625	84	3.4000
44	1.9000	85	3.4375
45	1.9375	86	3.4750
46	1.9750	87	3.5125
47	2.0125	88	3.5500
48	2.0500	89	3.5875
49	2.0875	90	3.6250
50	2.1250	91	3.6625
51	2.1625	92	3.7000
52	2.2000	93	3.7375
53	2.2375	94	3.7750
54	2.2750	95	3.8125
55	2.3125	96	3.8500
56	2.3500	97	3.8875
57	2.3875	98	3.9250
58	2.4250	99	3.9625
59	2.4625	100	4.0000
60	2.5000		

SOURCE: Oregon Administrative
 Rules, January, 1987

TABLE XVI

OREGON'S SMALL SCHOOL CORRECTION:
 SECONDARY SCALE (GR. 9-12),
 BASIC EDUCATION PROGRAM

RADM at School	Teachers Allowed	RADM at School	Teachers Allowed
1-20	3.000	61	4.025
21	3.025	62	4.050
22	3.050	63	4.075
23	3.075	64	4.100
24	3.100	65	4.125
25	3.125	66	4.150
26	3.150	67	4.175
27	3.175	68	4.200
28	3.200	69	4.225
29	3.225	70	4.250
30	3.250	71	4.275
31	3.275	72	4.300
32	3.300	73	4.325
33	3.325	74	4.350
34	3.350	75	4.375
35	3.375	76	4.400
36	3.400	77	4.425
37	3.425	78	4.450
38	3.450	79	4.475
39	3.475	80	4.500
40	3.500	81	4.525
41	3.525	82	4.550
42	3.550	83	4.575
43	3.575	84	4.600
44	3.600	85	4.625
45	3.625	86	4.650
46	3.650	87	4.675
47	3.675	88	4.700
48	3.700	89	4.725
49	3.725	90	4.750
50	3.750	91	4.775
51	3.775	92	4.800
52	3.800	93	4.825
53	3.825	94	4.850
54	3.850	95	4.875
55	3.875	96	4.900
56	3.900	97	4.925
57	3.925	98	4.950
58	3.950	99	4.975
59	3.975	100	5.000
60	4.000		

SOURCE: Oregon Administrative
Rules, January, 1987

A third apportionment for state aid in Oregon provides an adjustment to school districts for enrollment growth or decline. The growth RADM is the positive remainder after subtracting the RADM for the previous school year from the RADM for the current school year quarter ending December 31 (Duncan, 1988). The growth RADM is multiplied by the basic grant per RADM. The decline RADM is 75% of the negative remainder after subtracting the RADM for the previous year from the RADM for the current quarter ending December 31. The decline RADM is also multiplied by the basic grant per RADM (Duncan, 1988).

The total apportionment to Oregon school districts is the sum of the apportionments for transportation, basic grant, equalization, and growth or decline. These state aid funds are supplemented with revenue from local tax bases, federal sources, and grants (Duncan, 1987c). Oregon school districts also receive additional aid outside the Basic School Support Fund through various state categorical grants which include the handicapped children fund, regional and hospital programs, special schools, disadvantaged children, and student driver training funds.

The small school correction factor formula components from the State of Oregon can be isolated and similar data from other states, like Oklahoma, can be inserted for calculation. The general impact of this modeling is noted in the next section of this chapter.

Impact on School Districts in Oklahoma

The transportability of Oregon's state aid distribution process to another state, such as Oklahoma, is not the intent of this research application. However, the potential impact of Oregon's concept of supplemental revenue for some isolated, necessary schools on schools in Oklahoma, when compared to the impact of legislation enacted from other policy bases, might be useful for planning by other state policymakers. It should be kept in mind that the small school correction is the result of Oregon's unique combination of circumstances. It is highly unlikely that another state would have independently adopted an exactly similar program. However, again, by applying the Oregon program, however artificially, to Oklahoma data does allow for a comparison with other policy bases and their relative impact upon small schools.

The first task of data collection involved the identification of those school districts in Oklahoma that would qualify under the Oregon isolation criterion of distance between schools. The Oregon requirements are that no elementary school may qualify if it is within 10 miles by the nearest traveled road, and no high school may qualify if it is located within 15 miles by the nearest traveled road, of

the nearest school of the same level. To make this comparison, Oklahoma's dependent schools, with grades 1-8, were considered to be elementary schools and the independent schools, with grades K-12, were categorized as high schools. To obtain the distance between schools, quadrants were constructed by drawing a north-south and east-west line through the approximate location of the attendance sites in each district. The mileage from this point to the nearest other school district site in each of the four directions was then calculated. Use of a mileage chart from the Oklahoma Department of Highways was very useful for this activity. For those hard to determine situations, individual county maps printed by the Oklahoma Department of Highways proved beneficial. Several telephone contacts were made to insure the location of some of the attendance sites. Of the total of 613 Oklahoma districts, 63 were identified as isolated by the Oregon criteria. Of these, 32 were elementary (dependent districts) and 31 were high school (independent districts). This application of Oregon criteria did not consider the provision that state policymakers could also identify additional school districts which, because of physiographic considerations, could also receive the small school correction. Such an evaluation would be contingent upon such details as the number of districts that would make application for such consideration and the availability of funds to support additional small schools.

The next field of Oklahoma data to be organized for application of the Oregon small school correction factor was size as measured by the school district's average daily membership (ADM). For the 63 Oklahoma school districts previously identified, the information in Table XVII provides a summary of their composition by ADM.

TABLE XVII
SIZES OF OKLAHOMA SCHOOL DISTRICTS
IDENTIFIED BY THE OREGON SMALL
SCHOOL CORRECTION

Type of District	Number of Districts by ADM						Totals
	1-100 ADM	101-200 ADM	201-300 ADM	301-400 ADM	401-500 ADM	501+ ADM	
Elementary (Dependent)	22	9	0	1	0	0	32
High School (Independent)	2	12	8	3	3	3	31
Totals	24	21	8	4	3	3	63

SOURCE: Hoeltzel, 1988a.

The Oklahoma districts were thus first identified by mileage distances between their sites and those of the nearest neighboring schools and then by ADM. There are

several limitations that may have diminished the accuracy and/or consistency of the application of Oregon's policy base to Oklahoma school district data. Oklahoma school district size was used to determine qualification for the small school correction factor while Oregon's actual practice is to allow each school attendance site to make application for the small school correction. While this approach could have limited the number of identified Oklahoma school attendance sites that might have qualified, data relative to distances between individual sites and actual ADM figures by school were unavailable for this study.

Of the 613 school districts in Oklahoma in 1987-88, 63 were identified as meeting the mileage criteria. Applying the Oregon small school correction qualifier of size (ADM) reduced the total of schools identified. The set of 32 dependent schools that were each 10 miles or more apart had 10 schools each of which had over 100 ADM, thus eliminating them from further consideration. Those dependent schools which met both the mileage and size requirements for the Oregon small school correction thus numbered 22.

The original number of independent school districts identified as being 15 miles or more from their nearest neighboring attendance center was 31. Of this number, nine were eliminated because their ADM exceeded 100. Of the remaining 22 districts, 12 could qualify only for the high

school correction. This was determined by dividing the total district ADM by 13 and then multiplying the four high school grades by this average per grade yielding an estimated high school ADM of less than 100. Using the same mathematical calculation, there were no independent district elementary schools that qualified on their own. However, using this method on the independent districts that had a total of just over 100 ADM for grades 1-12 yielded 10 districts which could mathematically qualify both their elementary and high schools through mileage and size criteria. After these calculations, Oklahoma had 22 dependent school districts and 22 independent districts that might qualify for a small school correction based on their 1987-88 data. Of the 44 qualifying school districts a major portion, 23 of them, were located in the northwest quadrant of the state. The remaining 21 districts were somewhat evenly distributed with 6 in the southwest, 6 in the southeast, and 9 in the northeast. Most of the districts were located outside the 70-mile-wide development zone running from the northeast corner to the southwest corner, as illustrated in Figure 3 of Chapter IV. Locations of the 44 qualifying school districts are noted on the Oklahoma school district map in Figure 7.

Calculation of the revenue entitlements for the small school correction for the 44 identified Oklahoma school districts is reported in Table XVIII and yielded a range of

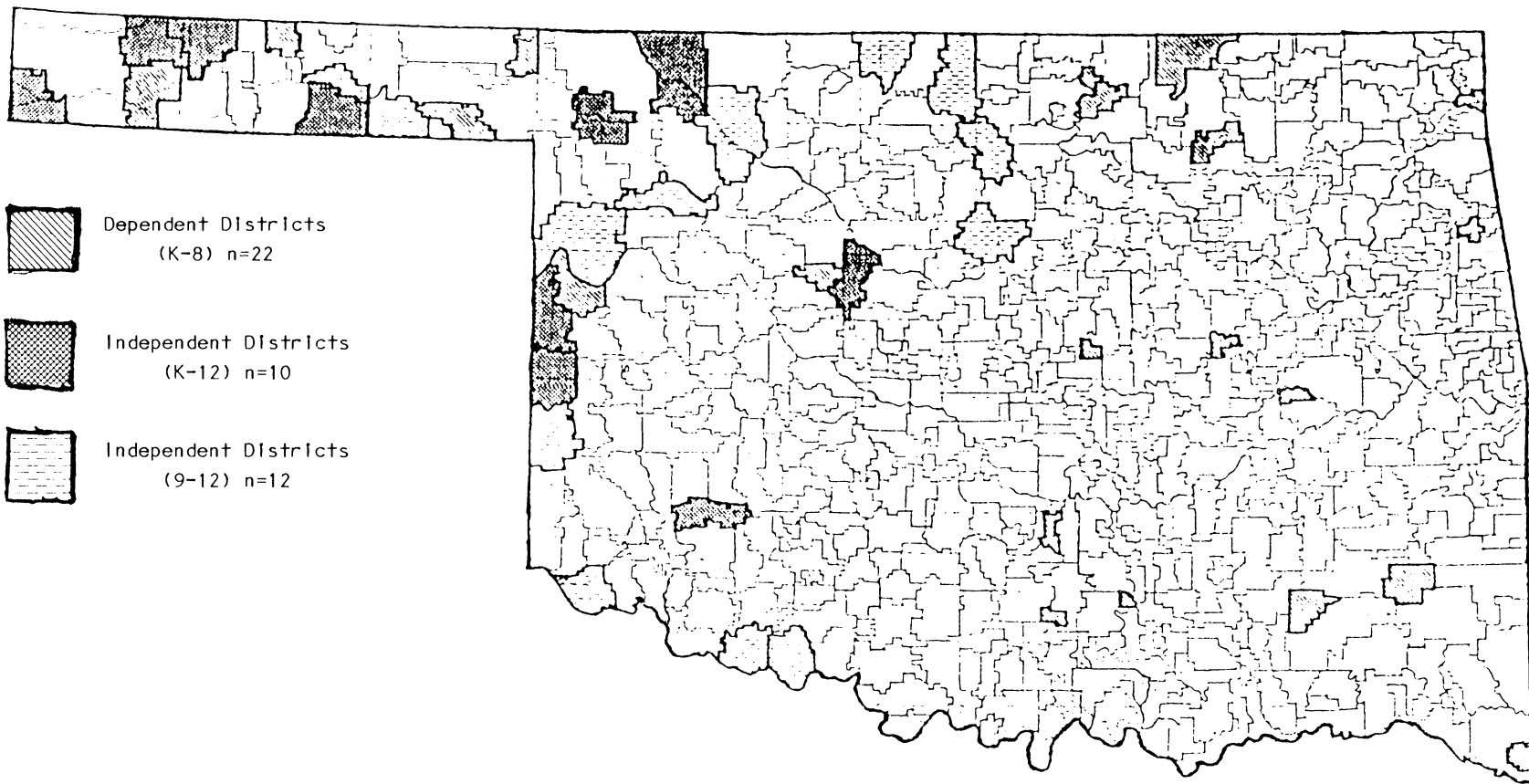


Figure 7. Oklahoma School Districts Qualifying Under Oregon's Small School Correction Criteria

TABLE XVIII
 1987-88 OKLAHOMA SCHOOL DISTRICT
 DATA MODELING OREGON'S SMALL
 SCHOOL CORRECTION FACTOR

DISTRICT IDENTITY	SQUARE MILES OF AREA	ELEMENTARY ADM	HIGH SCHOOL ADM	87-88 STATE AID	SMALL SCHOOL CORRECTION AID ELEMENTARY	SMALL SCHOOL CORRECTION AID HIGH SCHOOL	TOTAL SMALL SCHOOL CORRECTION AID	SMALL SCHOOL CORRECTION AID/ STATE AID
01C001	58	64		\$ 103,738.00	\$ 190,998.75		\$ 190,998.75	184%
04C073	185	50		67,519.00	153,159.37		153,159.37	227%
04C038	115	57		50,383.00	172,079.06		172,079.06	342%
041075	306		52	59,401.71	219,108.00		219,108.00	369%
051051	270		84	106,750.00		265,236.00	265,236.00	248%
06C029	102	46		50,981.00	143,348.00		143,348.00	281%
13C001	251	31		50,165.00	101,805.93		101,805.93	203%
131010	343	51	26	115,086.00	155,862.18	181,629.00	337,491.18	293%
131011	484	87	44	156,751.00	253,163.43	207,576.00	460,739.43	294%
171333	210		82	123,420.00		262,353.00	262,353.00	213%
231003	557		70	68,077.00		245,055.00	245,055.00	360%
25C008	59	50		85,593.00	153,159.37		153,159.37	179%
271033	257		55	64,283.00		223,433.00	223,433.00	348%
271095	250		65	72,411.00		237,848.00	237,848.00	328%
331025	193		43	63,982.00		206,135.00	206,135.00	322%
35C040	45	26		59,998.00	88,291.88		88,291.88	147%
36C084	24	43		57,240.00	134,239.68		134,239.68	235%
371003	199	87	44	179,491.00	253,163.43	207,576.00	460,739.43	257%
381007	208	85	38	132,156.00	247,758.00	198,927.00	446,685.00	338%
41C077	32	62		126,557.00	185,593.12		185,593.12	147%
421003	254		70	76,887.00		245,055.00	245,055.00	319%
48C024	69	88		292,847.00	255,866.25		255,866.25	87%

TABLE XVIII (Continued)

DISTRICT IDENTITY	SQUARE MILES OF AREA	ELEMENTARY ADM	HIGH SCHOOL ADM	87-88 STATE AID	SMALL SCHOOL CORRECTION AID ELEMENTARY	SMALL SCHOOL CORRECTION AID HIGH SCHOOL	TOTAL SMALL SCHOOL CORRECTION AID	SMALL SCHOOL CORRECTION AID/ STATE AID
49C016	63	83		\$ 171,767.00	\$ 242,352.18		\$ 242,352.18	141%
50C002	37	23		33,606.00	80,183.44		80,183.44	239%
521002	100		56	57,303.00		224,874.00	224,874.00	392%
56C010	52	50		70,244.00	153,159.37		153,159.37	218%
57C007	280	91		104,282.00	263,974.68		263,974.68	253%
57C020	102	51		103,491.00	155,862.00		155,862.00	151%
57C035	73	86		166,753.00	335,149.00		335,149.00	201%
58C010	36	62		105,749.00	185,593.00		185,593.00	176%
64C015	170	54		147,940.00	163,970.62		163,970.62	111%
64C022	161	93		178,785.00	269,380.00		269,380.00	151%
651006	252	94	47	164,816.00	272,083.12	211,900.50	483,983.62	294%
651015	192	93	42	117,741.00	269,380.00	204,693.00	474,073.00	403%
65C011	212	52		48,791.00	158,565.00		158,565.00	325%
701015	301	46	30	131,150.00	142,348.12	187,395.00	329,743.12	251%
701001	378	60	40	165,929.00	180,187.50	201,810.00	381,997.50	230%
70C088	134	53		59,113.00	161,267.81		161,267.81	273%
70C080	155	38		68,141.00	120,725.62		120,725.62	177%
711249	189		92	139,644.00		276,768.00	276,768.00	198%
761006	496	48	32	150,866.00	147,753.75	190,278.00	338,031.75	224%
761003	486		87	94,822.77		269,560.50	269,560.50	284%
771005	242	73	48	172,601.00	215,324.06	213,342.00	428,666.06	248%
771003	274		78	103,486.77		256,587.00	256,587.00	248%
Totals				\$4,720,738.25	\$6,224,855.72	\$4,718,031.00	\$10,942,886.72	

SOURCE: Oklahoma Annual School Report, 1987-88.

\$403,801 with a minimum district allocation of \$80,183 and a maximum apportionment of \$483,984. The mean was \$244,702 with a standard deviation of \$108,111. A comparison of each school's small school allocation against its 1987-88 state aid displayed a minimum 11% increase and a maximum increase of 303% that schools would receive under the small school correction factor. This represents an average per-student supplemental revenue apportionment of \$534.52 under the small school correction. The Oklahoma 1987-88 per-pupil revenue figure of \$2,883 was used as the "limit" figure in each of the computation formulas shown in Figures 5 and 6 of this chapter. The other small school districts in Oklahoma that were on the small school supplement described in Chapter IV would lose a total of approximately 6.6 million dollars of additional state aid by not qualifying for the small school correction described in this chapter.

Summary

Oregon's development as a state, like that of other states, reflects its own unique set of circumstances revolving around its physiographic features, demographics, economics, and past political decisions. Readily accessible hydroelectric power and natural resources indigenous to mountain topography have created areas of concentrated development while also leaving large tracts of land with very sparse population patterns.

Oregon in 1987-88 was comprised of 304 school districts with RADMs ranging in size from 2 students to over 40,000. School district size in terms of geographical area ranged from 2 square miles to approximately 7,300 square miles. Of the 304 school districts identified, 167 each had a RADM of less than 500 students.

The small school correction factor developed in Oregon is based on geographical isolation which is usually associated with distance or travel time between schools. Oregon schools have been operating under this provision of supplemental revenue for some of its small school districts since 1959. If the Oregon small school identification criteria and funding provisions were applied to Oklahoma school districts, 44 districts would be so identified. Those districts would receive an average increase in funding of \$535 per pupil, with district totals ranging from \$80,183 to \$483,984.

CHAPTER VI

MINNESOTA: FINANCIAL NEUTRALITY TOWARD SMALL SCHOOL DISTRICTS

Minnesota is a state of approximately 84,068 square miles (Goodman, 1985) which in 1987-88 was divided into 434 fiscally independent school districts (Salmon et al., 1988). Of that total, 176 districts each had an enrollment of less than 500 students. Minnesota has a basic support program plus a five-tiered foundation aid program. This state distribution method consists of a basic equalized aid and levy combination and five optional levels of discretionary aid, each with mandatory additional levies equalized at varying percentages. This distribution process was enacted in 1983 and was to be fully implemented by 1987-88 (Strom, 1988b). The main characteristics of this process are equal access to revenues, recognition of specific cost differences, and discretion on the part of local boards of education in choosing the necessary level of revenue (Salmon et al., 1988).

Two types of pupil units are utilized in the computation of the foundation aid program (Strom, 1988b). The first is a pupil unit that is weighted by grade level and the second is a unit based upon the number of economically

disadvantaged children, defined as those whose parents receive Aid to Families with Dependent Children. These are referred to as AFDC units. These two pupil units are applied in the formula with the intent of offsetting the various educational cost overburdens associated with these two broad types of pupil units (Salmon et al., 1988). There was no weighting factor or other adjustment of districts' revenue entitlements because of small size or isolation. Therefore, Minnesota's policy base for funding small schools was considered to be that of neutrality.

Overview

Minnesota was identified as the representative of those states during school year 1987-88 which attempted to maintain neutrality by providing no supplemental financial support for small school districts. Minnesota's distribution process thus had the intent of providing equal access to state revenues for its 434 widely diversified public school districts.

The Minnesota school finance system is the method used to provide funds for the operation of its public elementary and secondary schools. In the State of Minnesota, as in most states, the state constitution empowers the Legislature with the responsibility for Minnesota's public schools (Strom, 1989). The Minnesota constitution, dating from statehood, is of greater length than those of many states,

with approximately 100 amendments (Poatgieter & Dunn, 1975). Minnesota was granted statehood in 1858 as the 32nd state.

History

When Europeans, and later their American descendants, came to Minnesota, they found the region to be primarily inhabited by people from two Indian tribes, Sioux and Chippewa (Blegen, 1975). The earliest white settlers arrived during a land boom in 1848. These immigrants settled a territory that, thousands of years earlier, had been alternately covered by four glaciers which left the landscape of the state distinguished primarily by prairies, abundant lakes, swamps, and forests (Poatgieter & Dunn, 1975). Earlier in Minnesota's history it contained more acres of National Forest than most other states. Even though winters are difficult, a favorable growing season and fertile soil allow Minnesota to be a leading agricultural state.

Minnesota's earliest schools were most frequently associated with mission churches of preterritorial days (Poatgieter & Dunn, 1975). Common grade schools were established in 1849 by the Territorial Legislature and the current system of comprehensive public schools has evolved from those beginnings. Compulsory school attendance laws were enacted around 1885. The state government provides financial assistance to schools to educate its populace in a wide array of school district configurations. The 1980

Census computed the then current population of Minnesota to be approximately 4,075,970.

People and Land

The Curriculum Information Center Minnesota Directory (1989) listed 434 operational public school districts during the 1987-88 school year. It is interesting to note that all of those districts were "independent" and provided for grades K-12. During 1985-86, there were 1,509 individual public school building attendance sites operating in Minnesota. The geographical area comprising individual Minnesota school districts varied from 2 to 2,716 square miles, a range of 2,714 square miles. The mean school district size was 193.07 square miles with a standard deviation of 265.50 square miles (Strom, 1988d).

The resident average daily membership (ADM) of school districts in Minnesota, for school year 1987-88, totaled 716,305 students with an average district membership of 1,642.90 students. The range of district enrollments was 39,058, with individual districts varying from a minimum of 16 ADM to a maximum of 39,074 ADM, and the standard deviation was 3,576.15 ADM. A complementary system of private schools functioned with approximately 86,264 students attending classes at 521 different attendance sites. Parents sending their children to private schools are provided with a state income tax credit, allowed by the U.S. Supreme Court

in Mueller v. Allen. Otherwise, Minnesota's private schools are funded through tuition and voluntary contributions (Strom, 1988c).

Political System

The Minnesota legislature meets in annual sessions and is allowed a total of 120 legislative days which can be spread over each two-year period (Blegen, 1975). There are two houses in the Minnesota legislature and apportionment of both is on the basis of equal representation. The House of Representatives is comprised of 134 members elected for two-year terms, while the Senate has 67 members who are elected for four-year terms. The members formerly were elected without party designation, by being organized into liberal and conservative caucuses. However, in recent years, they have been elected by Democratic-Farmer-Labor (DFL) or Independent-Republican (IR) party affiliation. The state is divided into 87 counties, each operated by a board of five county commissioners. The county and municipal governments provide most of the local services.

Economy

Agriculture was commonly considered the predominant feature of Minnesota's economy in years past. Mining also played an important role along with manufacturing. However, Minnesota began the decade of the 1980s with a period of

unusual growth in jobs and income (Maki, 1988). The past 25 years of change in the global economy and its resultant effects on the United States meant tremendous shifts in the deployment of and the employment in industry, in addition to the productivity and incomes which were generated (Salmon, 1983). From 1959 to 1985, that portion of Minnesota's industry affiliated with nonfarm services nearly doubled in employment (Maki, 1985). The nonagricultural, self-employed sector also grew, from a little less than 100,000 to slightly more than 312,000 during that period. During this same time, Minnesota farm jobs, full-time and part-time, decreased from over 200,000 to less than 135,000. The importance of these changes in Minnesota's economic base centers on the state's conversion to a service-based economy and its rapid demographic changes, including population shifts into the state's growth areas (Maki, 1985).

Individual regions in Minnesota have been impacted in various ways by the key variables of population shifts and growth areas. The geography and demographics of population growth in Minnesota provided for the emergence of distinct categories of counties (Maki, 1988). Maki identified counties that have been "persistent gainers," "persistent losers," and "turnaround counties." Persistent gain counties appear to be those within daily commuting perimeters of the metropolitan area extending from St. Cloud to Rochester (Maki, 1988). While this half of the counties were

gaining population, the remaining all rural counties were losing population. If this trend continues into the year 2000, it is projected that nearly three fourths of Minnesota's total population will inhabit the urban commuting area along this developmental corridor.

Minnesota's per-capita income increased from 12% below the national average in 1940 to 2% above the U.S. average in 1980 (Maki, 1988). Maki attributed this to two main factors, the shift in basic employment from agriculture to manufacturing and the rapid increase in the participation of women in the labor force. These factors offset a statewide lag in population growth, which would have normally limited the number of available qualified workers. A simple comparison of Minnesota's economic base of 1950 to its evolving 1980s base demonstrated the importance of the manufacturing and service sectors as continuing sources of new employment, replacing job losses in agriculture and mining (Maki, 1988).

Between 1983, the year of the national reform document A Nation At Risk, and 1987, state outlays for education rose an impressive 41%. However, during the same time period, Minnesota policymakers provided for a 29.1% increase in state aid for its public schools which placed it below the national average (Marquand, 1986).

Of the revenues used to operate Minnesota's public schools in 1986-87, approximately 55% were provided from state sources, 41% were derived from local property taxes,

and 4% were received from federal entitlements (Strom, 1988c). As noted earlier, the basic foundation aid, including the five-tier system, was enacted initially in 1983 and was to be fully phased-in by 1987-88. During the 1986-87 operating year the statewide average expenditure per pupil was \$3,684.

Distribution Formula

During the 1983 legislative session, a new funding program was established for Minnesota public schools (Strom, 1988b). The new Minnesota school finance distribution system consisted of a method for calculating a basic aid and levy plus five tiers of discretionary aid and levies which are equalized at various percentages (Salmon et al., 1988). The primary features of the five-tier funding program include equal access by each district for supplemental revenues, a recognition of certain local cost differences, and the discretionary power of local boards in selecting the level of revenue for their school districts (Strom, 1987b).

Minnesota's basic aid and levy is the largest component of its foundation aid program (Salmon et al., 1988). It provides uniform revenue per weighted pupil unit to all school districts. The formula allowance is the legislatively-approved number of dollars per pupil multiplied times the district total weighted pupil units to compute a school district's basic aid allocation. The basic aid portion is

often referred to as the "front end" of the formula (Strom, 1988b). The formula allowance amount per pupil was \$1,720 in 1987-88. Two kinds of pupil units are totaled and used (Salmon et al., 1988). First, annual enrollment (in average daily membership or ADM) is weighted by grade, with kindergarten pupils weighted at 0.5, elementary (1-6) at 1.0, and secondary (7-12) at 1.4. Handicapped pre-schoolers are counted by the number of hours of services received up to the kindergarten equivalent of 0.5 units. Secondly, the educational cost overburdens of a compensatory nature generally associated with economically disadvantaged students, whose families receive Aid to Families with Dependent Children, are considered by weighting such students with an additional factor of 0.5 as AFDC pupil units (Strom, 1988b). Districts in which more than 6% of the students are designated as AFDC pupils also receive an additional 0.1 weighted pupil unit per AFDC pupil. Therefore, the basic aid revenue for each district equals the product of the formula allowance, which for 1987-88 was \$1,720, multiplied by the pupil units in weighted ADM (Strom, 1988b).

This Basic Aid, or front end, allocation is supported by a local tax levy. The resulting financial partnership between the State of Minnesota and each of its public elementary and secondary school districts is a method provided to offer a more uniform revenue distribution to districts which exhibit diversity in terms of enrollment, local

property wealth, and expenditure levels. The amount of local support in 1987-88 was accomplished by a levy of 23.2 mills. The local levy proceeds are not computed on each county assessor's valuation but rather through an adjustment procedure by the state-level Equalization Aid Review Committee (EARC). The purpose for making adjustments is to neutralize the effects of different assessment practices among the various counties of the state. The proportion of basic aid revenue received by each district depends on the district's relative property wealth. Some property-rich districts may be able to raise the entire amount of basic aid revenue through the 23.2 mills while comparatively poor districts may receive most of their basic aid and levy allocations in the form of state aid payments (Strom, 1988b).

The first of the five additional tiers is the Cost Differential Aid and Levy (Salmon et al., 1988). The aid guarantee computed at this level is based upon the higher costs encountered in some districts because of higher levels of teacher training and/or experience. A Minnesota district is entitled to this additional state aid allocation if its teaching staff has greater years of experience and/or higher levels of educational training relative to the other districts in the state (Strom, 1988b). The Department of Education develops an index, commonly referred to as the training and experience (T&E) index, from statewide data

which are neutral to actual salary levels in the individual districts. Sparsity is referred to in tier one and, while a few isolated school districts have received such supplemental revenue, it is considered to be a residual, hold harmless provision for transition from the old distribution system to the new 1983 formula.

The local school district share of tier one is a fully equalized levy and matching aid (Salmon et al., 1988). The equalization process is accomplished through comparison of local school district property wealth with that of all of Minnesota's school districts. The local share of tier one revenue is then based on the lesser of two variables. When the cost differential revenue calculation (state aid) is less than the EARC-based equalizing factor (local levy), the district's property wealth, and resulting levy, is such that the local levy can participate with a larger portion of tier one revenue entitlements. When the EARC-based equalizing factor is less than the cost differential revenue calculation, the district's property wealth, and resulting levy, is such that it cannot participate as fully and state aid must be used to fund the larger portion of the tier one entitlement (Strom, 1988b).

The second tier calculation is also a matching aid allocation and fully equalized levy authority (Salmon et al., 1988). Matching aid for 1987-88 was computed at \$150 per pupil unit minus the amount by which a school district's

previous year beginning fund balance exceeded \$500 per un-weighted pupil unit (ADM). A school district's basic aid revenue per pupil unit, in fact, can be reduced lower than the formula allowance if the district had an extremely high excess fund balance from the previous year (Strom, 1988b). In tier two calculations, as in tier one, the local share is determined through a fully equalizing levy authority (Salmon et al., 1988). Once again, the lesser of two variables relative to school district property wealth and state aid sets the proportions of revenue. When the local share of tier two is deducted from the state aid allocation and the local proceeds would exceed the allocation it is capped at that level.

The third tier consists of a percentage equalizing formula employing matching aid and levy. The state aid portion is computed by multiplying the actual pupil units (ADM) times \$100 (Salmon et al., 1988). The local levy is then equalized at 75% of its calculated total. As in previous tiers, the lesser of the two variables is used to determine the levels of revenue at which state aid and the local levy will participate.

Tier four operates in the same way as tier three. The only difference being that the equalizing factor is figured at 50% rather than at the 75% level used in tier three.

The final calculation in the basic support program is tier five. This fifth tier is designed for those school

districts for which the new formula, through the first four tiers, provided an increase over the old formula of less than \$50 per actual pupil unit (Salmon et al., 1988).

Through the computation of the Basic Aid and Levy, including the five tiers, an equalized state aid allocation and related local taxing authority are determined (Salmon et al, 1988). Other educational costs are computed separately for state aid allocations and in some cases, additional levy authority. These include special education, transportation, vocational education, capital outlay, community education, and school lunch, just to delineate a few (Salmon et al., 1988). A district's basic levy can also be increased above these limits with approval of a majority of the voters at a referendum levy election (Strom, 1988b). The increase can be permanent or limited to a specific number of years. A revocation of the excess levy can also occur through a similar election process. There is no matching state aid for the referendum levy and it is therefore not equalized.

Impact on School Districts in Oklahoma

Minnesota's school district funding formula is a complex process containing many variables, ratios, and calculations. This focus on the Basic Support Program and its five tiers should not be seen as an attempt to evaluate or to promote its merits or transportability to another

state. However, neutrality of the school revenue distribution process in Minnesota, with regard to the specific absence of small school district factors, provides an opportunity to observe the potential impact of such a policy. Calculation of the potential impact on small school districts in Oklahoma was not designed to develop a significant statistical connection between Minnesota's distribution process and Oklahoma data. Comparing the potential impact of Minnesota's neutral policy, of not providing supplemental revenue for small school districts, on Oklahoma, with the impact from other policy bases might be useful as planning information for future policy development.

The potential impact of financial neutrality on Oklahoma school districts was computed by omitting the two small school calculations which were used in Oklahoma during the 1987-88 school year. The assumption was made that the unused revenue created by the omission would be redistributed equally per ADA to all of the 611 school districts existing in Oklahoma during this same time period. Oklahoma's total small school calculation, as noted in Chapter IV, resulted in a statewide allocation for 1987-88 of \$7,313,853.92 for the 402 qualifying small school districts. Dividing this total by the 1987-88 total state ADA of 547,149 yields \$13.37 per pupil, the amount used in computing an additional allocation to each district based upon its ADA. The capture and redistribution of the \$7.3

million in small school aid would have resulted in larger school districts receiving an increase while most small districts would have experienced a net decrease in state revenues. This modeling of "fiscal neutrality" thus created a shift of the recaptured small school revenue to larger districts. The distribution of the captured small school allocations, of course, generated a return of some additional revenue back to all 611 school districts. The loss of the small school calculation was thus softened by a partial return of the captured small school revenue.

Of the 402 districts previously receiving small school revenue, 7 actually received a net increase over the amount lost in state revenue. The seven districts' increases ranged from a minimum \$676 to a maximum of \$3,041, with a mean of \$1,639. The remaining 395 of the 402 small school districts experienced net decreases in revenue. The losses among the 395 affected districts ranged from a minimum loss of \$441 to a maximum loss of \$22,846, with an average loss of \$15,568.60. The redistribution also resulted in a total of 216 larger districts receiving revenue increases, which ranged from a minimum of \$676 to a maximum of \$517,725 with a mean of \$29,985.70. The two largest school districts in Oklahoma, Tulsa and Oklahoma City, received increases through redistribution of the small school factor of \$517,725 and \$473,725 respectively, or nearly 14% of all the funds redistributed.

A policy of neutrality toward financial support for small school districts in Oklahoma's 611 school districts for 1987-88 would thus have resulted in each of the 216 largest districts receiving an increase in state allocations and 395 of the 402 smallest districts experiencing net decreases in state allocations. The effects on Oklahoma school districts statewide would be somewhat geographically even and general in nature. School districts were both negatively and positively impacted in all sections of the state.

Summary

Minnesota's dramatic and unusual growth in jobs and income over the past 25 years as a result in changes responsive to a global economy demonstrates some of the variables to which policymakers will need to be sensitive in coping with the tremendous shifts in the deployment of and the employment in industry. Agriculture and mining once were commonly considered the preeminent features in the state's economic structure but, while still important industries, will no longer command the attention they once did. These demographic shifts in the state have impacted individual regions in various ways creating sets of counties which are either persistent gainers, persistent losers, or turnaround counties. Most growth counties are located in or near the

state's developmental corridor while the consistent losers are in the more rural areas.

Minnesota in 1987-88 was comprised of 434 independent school districts with student populations ranging in size from 16 to over 39,000. School district geographical areas ranged from 2 to 2,714 square miles. Of these 434 school districts, 176 each had a student population of less than 500 students. During that same school year, Minnesota's school revenue distribution process was reaching the end of a five-year phase-in from a new formula begun in 1983. Financial neutrality toward small schools was being attempted through the use of basic equalized state aid and local levies equalized at varying percentages.

Had Oklahoma adopted a similar policy base of neutrality, there may have been a redistribution of over \$7 million, primarily from small rural school districts to a lesser number of large districts. While small districts would have lost from \$441 to as much as \$22,846, the two largest districts in the state would have gained nearly \$1 million. Nearly two thirds of all districts would have experienced a net loss in revenue through elimination of the small school calculations.

CHAPTER VII

SOUTH CAROLINA: INTOLERANCE TOWARD SMALL SCHOOL DISTRICTS

South Carolina is a state of nearly 31,113 square miles (Grant & Thomas, 1983) with, according to the 1980 Census, a population of 3,121,833. During the 1987-88 school year, the state was divided into 91 school districts, none of which had an enrollment of less than 500 students with the smallest school district reporting an enrollment of 575 students (Curriculum Information Center South Carolina Directory, 1989). South Carolina's public school finance program is governed by the provisions of the Educational Finance Act (EFA) of 1977 and the Educational Improvement Act (EIA) of 1984 (Williams, 1988). The program includes a foundation aid formula plus school improvement aid and various restricted categorical grants for the distribution of state revenues to schools.

Overview

South Carolina was identified as the best representative of those states which were intolerant of small school districts. South Carolina's distribution process maintains a foundation aid program complemented by calculations for

additional allocations of state revenues for educational improvement programs and specified categorical programs (Williams, 1988).

History

The authority for operation and governance of the state's schools comes from the South Carolina constitution (Williams, 1987). The state was one of the original 13 colonies and its constitution has undergone seven changes as it evolved to its present form. South Carolina was admitted to the Union as the eighth state in 1788 (Wright, 1976) and it was the first one to secede at the beginning of the Civil War. The state is divided into 46 county units.

The state has a rich and varied history. It was originally inhabited by Indians from the Muskhogean, Iroquoian, and Siouan tribes. The Indians gave their names to many of the rivers and other geographical areas of the state (Kovacik & Winberry, 1987). Wealthy planters from England later settled in the area to grow rice and cotton. The introduction of slavery into the economy in 1670 added several dimensions to the history and development of the state (Wright, 1976).

Early educational training was mainly reserved for the wealthy who usually sent their children to European schools or had them taught by private tutors (Wright, 1976). The free school act was passed in 1710, creating the first few public schools available for the general population. A

school for Blacks opened in 1743. It was only after the Civil War that local units of government were empowered to levy taxes for schools, making education available to a broader number of students (Wright, 1976). Since the late 1970s, the state has been involved in a major effort to improve education and upgrade the training of its labor force (Williams, 1987). This has been a conscious attempt to implement state policies to reverse the trend of large numbers of young adults leaving the state. State government has since provided substantial financial support for the educational process by providing approximately 70% of each school district's revenue (Williams, 1988).

People and Land

The Curriculum Information Center South Carolina Directory (1989) listed 91 public school districts as functional during the 1987-88 school year. The geographical area of individual South Carolina school districts ranged from a minimum size of 50 square miles to a maximum of 1,162 square miles. The mean school district size was 331.19 square miles.

The mean average daily membership (ADM) in school districts in South Carolina for school year 1987-88 was 6,733.94 students. The individual school districts varied from a minimum ADM of 566 students to a maximum ADM of

50,759 students with a range of 50,193 and a standard deviation of 8,143.94. The total student enrollment in the state during that year was 645,593 students. The Curriculum Information Center South Carolina Directory (1989) listed 1,125 public school attendance sites. A complementary system of private schools functioned with approximately 48,104 students attending classes at 252 different attendance sites.

Political System

The South Carolina General Assembly meets annually (Cushing, 1981). The General Assembly is comprised of a 46-member Senate, with one Senator elected for a four-year term from each county, and a House of Representatives which has 124 members each elected for a two-year term. The state representatives are apportioned on the basis of population, with at least one for each county. The 46 counties have elected county commissioners and each county is divided into townships which serve as tax assessing districts (Cushing, 1981).

Economy

Until the late 1800s South Carolina's economy was primarily agriculturally-based (Kiker, 1967). Rice and cotton dominated the state's economy until the turn of the century when the textile industry began its rapid

development. However, agriculture continued as an important contributor and was modernized at a rapid pace (Kiker, 1967). Only the best tillable acres are now being used for production, while the marginal lands including the eroded hills of the old cotton era have been planted to pine or devoted to grassland pastures for livestock (Kovacik & Winberry, 1987). Tobacco and cotton are major products today while pulpwood, paper, furniture, and raw timber have become increasingly active as economic stimulators.

Since World War II, South Carolina has entered a new era with a broader diversification of industries replacing agriculture as the chief source of jobs and income (Kiker, 1967). The state now derives the benefits of a revamped textile industry. But a variety of other industries have begun to locate in South Carolina (Kovacik & Winberry, 1987). While most of the large cities and manufacturing areas are in the interior sections of the state, about 46% of the population is still living in the rural areas of South Carolina. An intensive effort is being made to place industries in the rural areas, small towns, and localities outside the presently developed areas.

The rate of growth in the state is above the national average while the state's per-capita income remains below that of the national average (Kovacik & Winberry, 1987). The major rivers in the state have facilitated the production of electricity and encouraged development. The

City of Charleston is not only a historical and cultural center, but one of the nation's major seaports as well.

Between 1983, the year of the national reform document A Nation At Risk, and 1987, average state outlays for education rose an impressive 41%, while South Carolina schools received an increase of 47.0% in new state revenues. This placed it above the national average for a state's investment in education and among the biggest spenders for educational services including the states of Alaska, California, Florida, and Connecticut (Marquand, 1986).

On the average, approximately 70% of the operating revenue for elementary and secondary schools in South Carolina was provided from state sources (Williams, 1988). Educational efforts were being made in the state to train workers with rural and farm backgrounds for jobs in a modern economy while providing equal educational opportunity. This was a conscious effort by state policymakers to not only raise the educational level but to keep the youngest and best talent from leaving the state (Williams, 1988). This statewide effort began with the Educational Finance Act (EFA) of 1977 to replace the categorical flat-grant education finance system and continued with the Educational Improvement Act (EIA) of 1984 to insure a minimum level of educational quality and accountability (Williams, 1988). South Carolina's school districts also received certain state-restricted categorical grants enacted through annual

General Appropriation Acts (GAA) by the South Carolina General Assembly. School districts are required to make use of local revenues collected in the form of property taxes. During the operating year 1987-88, the statewide average expenditure per pupil was \$3,248. During this same time period, 30% of school district operating revenues were derived from local sources which were comprised almost exclusively of property taxes (Williams, 1988).

Distribution Formula

The Education Finance Act (EFA) enacted during the 1977 legislative session was established to achieve school finance reform and to ensure that every student in each South Carolina school district received an equal educational opportunity (Williams, 1989b).

The purpose of the Act, according to its legislative background, can be summarized in three words: adequacy, equality, and accountability in terms of financial support and by requiring each school district to report how these financial resources are used in providing educational programs (Williams, 1989b).

The finance reforms in this act were to be fully implemented over a five-year period ending with the 1982-83 school year (Williams, 1989b).

The EFA projects foundation program funding for educators' salaries, guidance services, testing, media services, plant maintenance and operation, and staff

development activities (Salmon et al., 1988). Excluded from funding allocations in the foundation aid program are capital outlay, transportation, pilot programs, adult education, textbooks, food services, and employee benefits, services for which calculations are made for each school district in the various categorical grants.

The determination of the annual allocation to each school district for the maintenance of the foundation aid program is made by calculating each district's total weighted pupils in average daily membership (ADM) and multiplying that total by the basic student cost figure which is established annually by the General Assembly (Williams, 1980). Each student in the district is counted only once and is placed in one of the 14 weighted student categories (Salmon et al., 1988). The student weightings are an attempt to reflect the best estimates of necessary revenue per student to maintain the defined minimum program for the different types of students receiving weights (Salmon et al., 1988). The student weights are shown in Table XIX.

The local school districts also contribute to the funding of the foundation aid program. Each individual school district's participation level is calculated by computing the total statewide collective local share, which averages out to be approximately 30%, of the total cost of the foundation aid program (Williams, 1988). This average figure is then multiplied by the index of taxpaying ability

TABLE XIX
STUDENT WEIGHTING FACTORS IN THE
SOUTH CAROLINA FOUNDATION
AID PROGRAM

Weighting Category	Weighting Factor
Kindergarten	1.30
Primary (1-3)	1.24
Elementary (4-8)	1.00
High School (9-12)	1.25
Vocational	1.29
Learning Disabilities	1.74
Educable Mentally Handicapped	1.74
Trainable Mentally Handicapped	2.04
Emotionally Handicapped	2.04
Orthopedically Handicapped	2.04
Visually Handicapped	2.57
Hearing Handicapped	2.57
Speech Handicapped	1.90
Homebound	2.10

SOURCE: Williams, (1988).

of each district. The index of taxpaying ability is a measure of a local district's relative fiscal capacity in relation to the capacity of all the other school districts in the state. The index is based upon the full market value of all taxable property, within each school district, as assessed according to the various property classifications and ratios as provided for in the South Carolina Codes (Williams, 1988). The index is then stated in terms of each district's percentage of the total statewide ability to pay

property taxes. The index is determined annually by the Tax Commission.

The EFA and its foundation aid program established a joint funding concept in an attempt to strike a reasonable balance of responsibility between the state and the local school district in the revenue contributions expected from each governmental entity (Salmon et al., 1988). While the bill required an average of 70% state funding and 30% local funding of the statewide foundation aid program, the actual percentages vary for each school district depending upon the local district's taxpaying ability (Williams, 1989a).

The Education Improvement Act (EIA) of 1984, and as amended in 1985, 1986, and 1987, financed the state's efforts toward improvements in the public schools of South Carolina beyond the level provided by the foundation program (Williams, 1987). The EIA was funded through enactment of a dedicated one-cent sales tax increase. The Act, and its later amendments, have consisted of specific provisions and programs for improving the quality of the educational processes at work in South Carolina public schools (Salmon et al., 1988). Also included in the Act have been state policy statements on a broad array of educational issues. The EIA thus is South Carolina's blueprint for implementing a statewide quality program of public instruction for the state's current and future generations (Williams, 1988). In general terms the blueprint consists of the following seven goals:

1. To raise student performance by increasing standards
2. To strengthen the teaching and testing of basic skills
3. To elevate the teaching profession
4. To improve leadership, management and fiscal efficiency
5. To implement quality controls and reward productivity
6. To create more effective partnerships among schools, parents, community, and business
7. To provide school buildings conducive to improved student learning (Williams, 1988, p. 1).

A complete discourse on all of the specific provisions and programs for improving the quality of South Carolina's public schools is beyond the scope of this paper.

The EIA complements certain components of the EFA by contributing additional allocations of state revenue to improve the delivery of those educational services. Annual General Appropriation Acts (GAA) by the General Assembly also complement the funding of selected educational improvement components (Williams, 1988). For example, additional EIA funds were distributed based upon ADM in the trainable handicapped category. Grant awards for the purpose of modernizing vocational equipment were provided through EIA funds. Additional GAA and EIA funds financed improvements in gifted and talented, advanced placement, remedial and compensatory education, and early childhood education programs (Salmon et al., 1988).

EIA funds have contributed to the goal of improving and elevating the teaching profession through increased allocations statewide for teacher salary supplements,

competitive teacher grants, teacher incentive pay, reduction of paperwork programs, teacher tuition reimbursement, and in-service training programs for teachers (Salmon et al., 1988). EIA funds were also disbursed to emphasize school administration services through a salary and fringe benefit supplement, incentive pay for principals, school administrator apprenticeship grants, and development of school administration evaluation programs.

EIA funds have provided a focus on other educational projects. These have included a school incentive reward to recognize those school districts which had demonstrated exceptional performance in pupil academic achievement gains and pupil and teacher attendance. These funds were disbursed on a per-pupil basis to the qualifying school districts (Williams, 1988). Funds were allocated to raise the number of required academic credits to receive a South Carolina high school diploma from 18 to 20 credits. The quality of science activities for grades one through eight was enhanced through other special grant allocations. Grants to implement exemplary and innovative programs to improve the quality of instruction were awarded on a statewide competitive basis. To create additional and more effective partnerships between schools and businesses, parents, and the communities, funds were allocated on a fixed amount per school district. Adult education programs also received additional emphasis as a result of the EIA (Williams, 1988).

Annual GAA revenue allocations by the South Carolina General Assembly have given additional support to various pupil support services (Salmon et al., 1988). The pupil transportation system is state-owned and the actual expenditure increases were paid directly to the appropriate state agency. Every county was allocated funds to be used exclusively for the salary of one attendance supervisor (Williams, 1988). Textbook allocations, aid for school lunch programs, the salary for one lunch supervisor per county, employee benefits, and aid for school building needs were also provided through GAA enactments.

The South Carolina school district intervention program is perhaps the most controversial portion of the Education Improvement Act of 1984 (Williams, 1989c). This unique assessment and regulatory approach was enacted into law in an effort to guarantee a quality program of education within each school district in the state. The assessment process focuses on output measures while the regulatory review centers around a set of standards to be met by each district. Districts not meeting minimum requirements are deemed "impaired" and a special committee is appointed by the State Superintendent to review and make recommendations for corrective action which then become mandates for implementation by the district. The district is given six months to successfully complete the resulting corrective action plan (Williams, 1989c). An alternative plan allows a

district to demonstrate that its gains from the previous test year to the current year are at least equal to that of the statewide student population. Such demonstrated gains are accepted in lieu of meeting the minimum performance criteria (Williams, 1989c).

An impaired school district receives technical assistance from the State Department of Education to insure successful implementation of the corrective plan (Williams, 1989c). The South Carolina General Assembly has also provided special grants for the impaired school districts to assist with the additional financial constraints encountered when required to implement a corrective action plan. In the event an impaired school district does not successfully complete the plan, the State Superintendent may choose to continue to provide technical assistance, to initiate action declaring an emergency and withholding EIA funding, or to declare the school district superintendent's position vacant and name a replacement. To date, none of these sanctions have been needed; in fact, each identified impaired district has successfully completed its six-month implementation schedule (Williams, 1989c).

The school district intervention provision has led to the identification of nine school districts since its inception in 1984, with the number declared impaired steadily declining from six the first year of 1984-85 to none for the 1988-89 or 1989-90 school years (Williams, 1989c). The

intervention program has been successful in focusing the attention of communities and their school leaders upon the improvements needing to be made (Williams, 1989c).

Impact on School Districts in Oklahoma

The overall policy and structure of South Carolina's public school system as they relate to its small school districts are the result of an evolutionary process driven by needs and pressures unique to that state. This application of South Carolina's school district nomenclature is not an attempt to establish support for its transportability to other states or to adequately discuss its merits. However, several broad generalizations made about the structure of South Carolina school districts provide an opportunity to observe the potential impact of similar generalizations applied to other states. In particular, while the analysis of the potential impact on small school districts in Oklahoma was not designed to yield a significant statistical relevance between South Carolina school district structure and Oklahoma data, notation of the potential impact of South Carolina's evolved intolerance for small school districts might provide planning information for future policy development.

South Carolina's intolerance toward small school districts is appropriately modeled by three comparisons.

First, during the 1987-88 school year South Carolina had 91 public school districts compared to Oklahoma's 611. The second comparison indicates that the average school district geographical area for South Carolina was 331.19 square miles while Oklahoma's mean was 126.78 square miles. Finally, in South Carolina, only 6 of the 91 school districts (6.5%) had an ADM of less than 1,000 students. During the same year, 496 of Oklahoma's 611 school districts (81%) had an ADM of less than 1,000 students.

South Carolina's smallest school district contained an ADM of 566 students compared to Oklahoma's smallest of 24 in ADM. South Carolina's three smallest school districts in geographical area each contained 50 square miles with a total of 13 districts each containing less than 100 square miles. Oklahoma, in comparison, had 292 school districts with less than 100 square miles in area with the three smallest having 1, 2, and 4 square miles respectively.

Figure 8 illustrates the existence of Oklahoma's 611 school districts during 1987-88, prior to the modeling of South Carolina's intolerance for small school districts. The potential impact of South Carolina policies on Oklahoma's 611 school districts is then demonstrated in Figure 9. The impact on Oklahoma was computed by transposing South Carolina's intolerance for small school districts through a process of modeling whereby Oklahoma school districts were combined to create new districts of not less

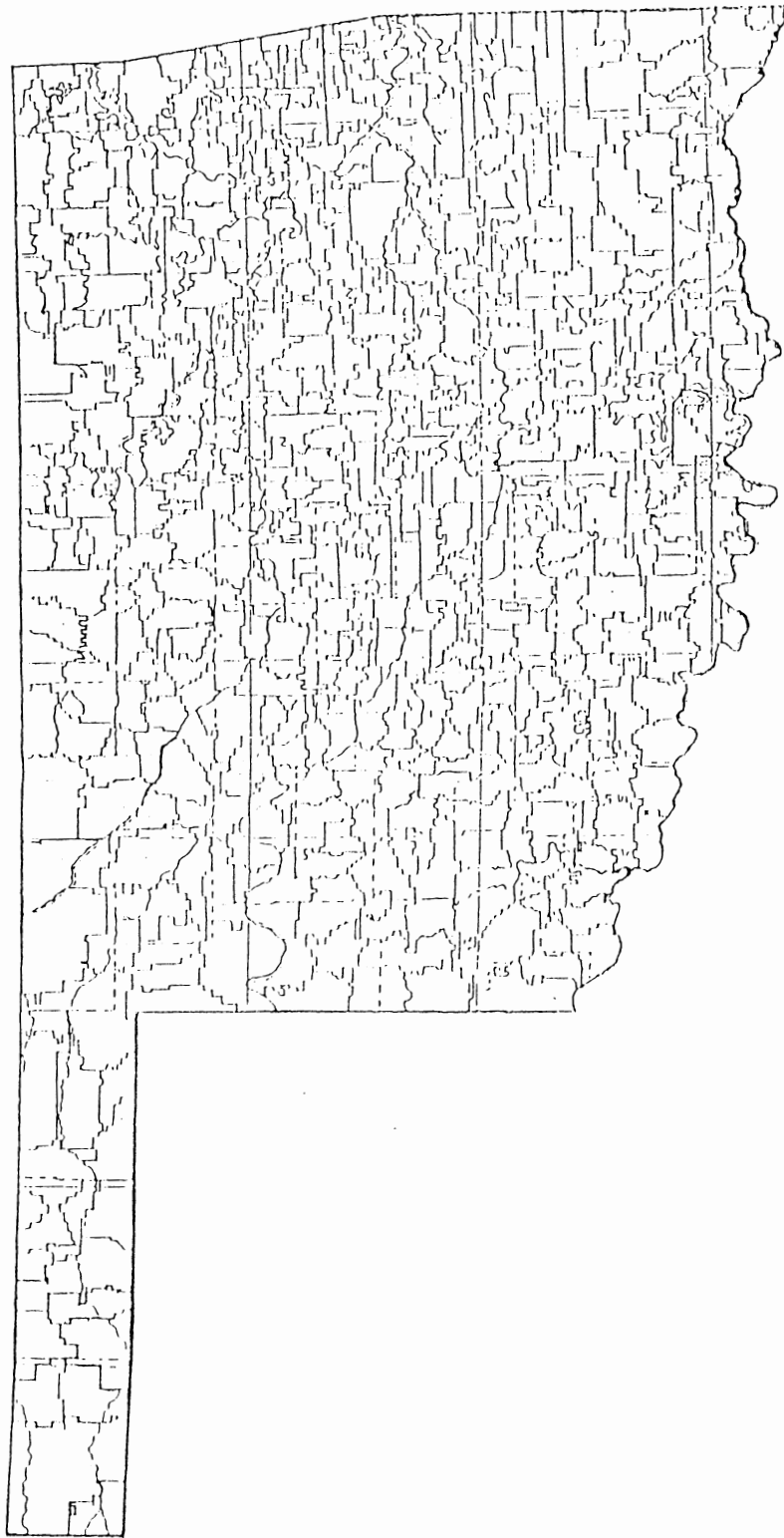


Figure 8. OKLAHOMA'S 611 SCHOOL DISTRICTS IN 1987-88.

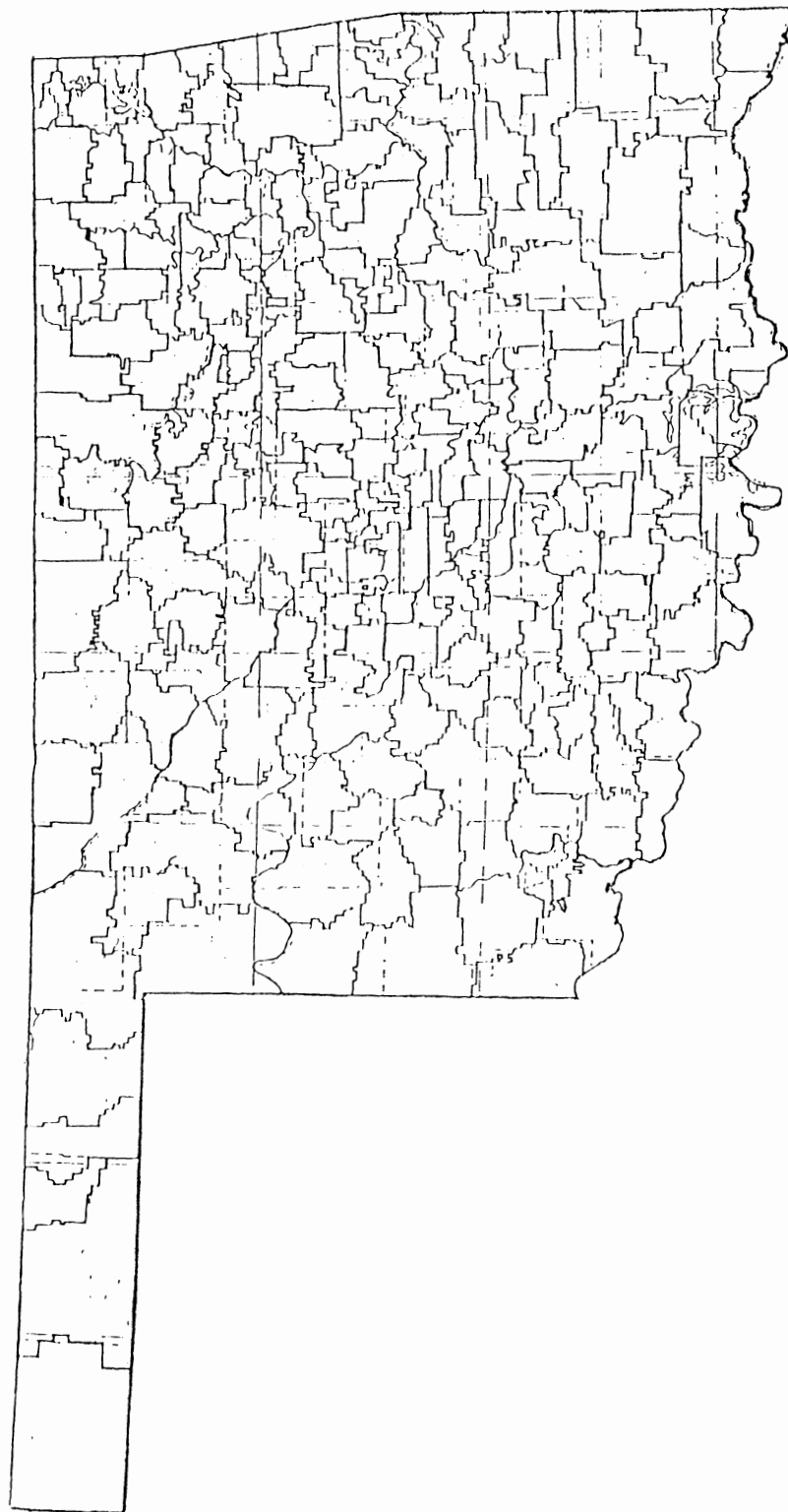


Figure 9 . RESTRUCTURED OKLAHOMA SCHOOL DISTRICTS DUE TO INTOLERANCE OF DISTRICTS OF LESS THAN 566 IN AVERAGE DAILY MEMBERSHIP

than 566 ADM. A second calculation was then made based upon district geographical areas.

The regrouping of Oklahoma school districts was begun by county, in alphabetical order, and continued until no school districts of less than 566 ADM remained. When possible, and where distances between attendance centers were comparable, dependent districts were combined with independent districts to coincide as much as possible to the independent district containing the major portion of a dependent district's transportation area. After dependent districts of less than 566 ADM were assigned to independent districts, those independent districts still with less than 566 ADM were identified for reorganization. First preference was given to combining adjacent districts each with less than 566 in ADM until an ADM of 566 had been reached or exceeded. Second preference was then given to combining small districts with adjoining school districts greater than 566 ADM, particularly if the distance between the attendance centers of a larger and smaller district were closer than that between two small districts and if their original county identity could be maintained. Additional combinations were created until the target of 566 ADM was achieved or surpassed for each remaining district. The reorganization then ceased and the area of each new district was calculated. This process reduced Oklahoma's 611 school districts to 271 as shown in Figure 9.

The restructuring resulted in 85 single districts with greater than 566 ADM being unaffected and left in their original condition. Combinations of two existing districts were used in the formation of 86 new districts, mergers of three current districts were used for 65 of the new districts, four-district combinations created 25 new districts, five-district combinations were used to structure eight new districts, and six, seven, and nine school districts were combined for one new district in each instance.

Prior to the restructuring, Oklahoma's 611 school districts had a mean geographical area of 126.78 square miles while, after restructuring, the new districts yielded a mean of 288.94 square miles in area. The original areas ranged from a minimum of 1 square mile to a maximum of 907 square miles while the restructuring process yielded a minimum of 1 square mile to a maximum of 1,985 square miles. The original districts had a statewide mean of 946.09 ADM with a minimum of 24 and a maximum of 42,880. The restructuring yielded a statewide mean of 2,143.52 ADM with a minimum of 566 and a maximum of 42,880.

The attempt to create districts of not less than 566 ADM resulted in situations in which school district combinations increased driving distances between existing attendance centers in excess of 20 miles. Some districts were isolated in such a manner that the only choice was to place them either with groups of schools which had already

achieved or exceeded 566 ADM or with districts which were currently larger than 566 in ADM. The process utilized to model South Carolina's intolerance for small school districts was constructed for the sole purpose of demonstrating the possible impact on Oklahoma school district structure. No attempt was made at achieving resolution of the many questions and problems associated with the reality of combining school districts.

Summary

South Carolina was the oldest of the four states studied. As one of the original 13 colonies, it possesses a rich and varied history. Since the late 1970s, the state has been involved in a major effort to improve education and upgrade the training of its labor force in an attempt to keep workers from leaving the state.

The state's economy was primarily agriculturally-based until the late 1800s. The textile industry became the dominant force at the turn of the century. Since World War II, South Carolina has begun broadening and diversifying its industrial base and now the state derives the benefits of a revamped textile industry as the chief source of jobs and income. An intensive effort is being made to place industries in the rural areas, small towns, and localities outside the presently developed areas.

During 1987-88 the state was comprised of 91 school districts, none of which had an enrollment of less than 500 students. School district student populations ranged in size from 566 to over 50,000. District geographical areas ranged from 50 to 1,162 square miles.

Had Oklahoma adopted a similar policy base of intolerance for small school districts it would be necessary for some of the districts to restructure. The result would be a reduction of the number of school districts by approximately half, from 611 to less than 300 districts. The district size in area would most likely double, from an average of 127 square miles to about 289.

CHAPTER VIII

SUMMARY, CONCLUSIONS, RECOMMENDATIONS, AND COMMENTARY

The educational needs of rural America's children in the 21st Century, their evolving place in the global economy, the demographic patterns emerging in the various states, and the shift in tax bases have created tremendous political stress on all small schools. All of these have renewed the rural education controversy as different groups advance agendas for a conceptual change of policy in regard to small rural school districts and their contributions to state and national development.

The focus of this study was on a comparison of the four conceptual bases which state policymakers may use in dealing with small rural school districts and of the differing impact each base might have. The identified policy bases lead to actions which (1) provide financial support to all small school districts, (2) support some small school districts, (3) maintain neutrality by not considering small school districts as a distinct class eligible for separate treatment, or (4) display intolerance by eliminating the presence and operation of small school districts. For purposes of this comparison, the demographics for the public schools of Oklahoma were used as a common data base.

Comparison of the four different policy bases and resultant state actions then focused on the impact each might have in Oklahoma, especially on the number and geographical characteristics of small school districts, their enrollment sizes, and their per-capita revenue.

The population of this study consisted of the 49 states which each support more than one school within its state boundaries. The State of Hawaii was not included in the population because it maintains a single statewide school district. The sample then consisted of one representative state from each of the four groups.

A review of the research literature pertaining to small school districts revealed that any definitive criteria used to describe small school districts appear to relate small to being rural or simply being different from large. Small school districts do exist and will likely never completely cease to exist. While some school districts remain small because of public resistance to consolidation and change, there is a significant number of small rural schools which will continue to function because there are no feasible alternatives to their current size and isolation.

Some basic conflicts appear likely to surface for policymakers as they attempt to meet the myriad of broader state needs and, at the same time, make decisions on whether or not to respond to the special needs of those small school districts within their states. It is from this area of

conflict that the following questions related to the four conceptual bases were developed.

1. Should the state provide financial support to all small school districts?
2. Should the state provide financial support only to some small school districts?
3. Should the state remain neutral, providing no specific supplemental financial support to small school districts?
4. Should the state be intolerant, attempting to eliminate small school districts?

The data collection and analysis began with the identification of those states which had previously adopted each of the four conceptual bases and then to select one representative state from each group. Oklahoma was selected to represent the eight states identified as providing additional revenue for all of their small school districts. From the 15 states associated with the provision of additional revenue only to some of their small school districts, Oregon was chosen as the model. Another 15 states were in the set identified as remaining neutral in regard to providing supplemental revenue for small school districts. Minnesota was preferred as the sample state for this conceptual base. Finally, of the 11 states affiliated with the base of intolerance, and unwilling to let small school districts exist, South Carolina was selected as the

representative state. Hawaii was not considered in any of the four conceptual bases under consideration because it is structured as a single statewide school district.

Each of the four states selected was reviewed and then modeled using the population data for Oklahoma. Analysis was made of the potential impact each conceptual base would have on Oklahoma school districts. Oklahoma's policy base reflected supplemental revenue for all of its small school districts. This policy base generated nearly \$7 million of additional state aid to 402, or 65%, of Oklahoma's 611 operating school districts. These district totals ranged from \$3,394.88 to \$24,599.40. Oregon's policy base of supplemental support for some small geographically isolated school districts would impact 44 of Oklahoma's 611 districts. Each would receive an average of \$535 per pupil with district totals ranging from \$80,183 to \$483,984. Minnesota's policy base of remaining neutral by providing no specific supplemental financial support to its small school districts resulted in the redistribution of the nearly \$7 million in the small school calculations found in Oklahoma's state aid distribution formula. This would result in the two largest districts sharing approximately \$1 million in additional revenue while about two-thirds of the 611 districts would experience a net loss in revenue through elimination of the small school calculations. The policy base of intolerance for small school districts, as modeled

by South Carolina, resulted in Oklahoma school districts being restructured to reflect South Carolina's smallest school district size of 556 students. This impacted Oklahoma by doubling its school district size from an average area of 126.78 square miles to 288.94 square miles while reducing the number of school districts from 611 to 271.

Conclusions

While considering the conclusions of any study, it is important for the reader to keep in mind the stated limitations, the method employed, and the findings derived. The following then are the conclusions of this study.

1. Small school districts will likely never cease to exist and will likely continue to be at least partially defined relative to their larger counterparts. States that have been through school district consolidation are still faced with trying to deal with their remaining small school districts. This continued existence of small school districts will continue to present policymakers with challenges as they try to balance the total public good while attempting to meet the special needs of those remaining small school districts. These challenges will be particularly interesting in the sparsely populated areas located mainly in the plains and western regions of the United States.

2. As policymakers continue to focus on the small school districts they will likely attempt to balance the

total public good and the special needs of those continuing small school districts through increased attention to and use of the policy base related to geographical isolation. The pressures created by diminishing tax bases, demographic trends, economic forces, and competition in a global market seem to be the driving forces creating the dialogue among policymakers for the need for a more efficient, higher quality, and more equitable delivery system for educational services.

3. The number and size of the small school districts contained within a state appears to be reflected by the state's conceptual base relative to supplemental aid to small school districts. States with numerous small school districts usually have a greater chance of having comparatively smaller school districts in terms of geographical size and lower student enrollments, while states with few small school districts usually have a greater chance of having comparatively larger districts in terms of geographical size and larger student enrollments.

4. The urbanization of the nation, its states, and various regions usually results in the urbanization of its focus about school districts in general. The early stages of settlement usually creates an awareness of the importance of an agrarian based philosophy which not only embraces the small community concept but accelerates development as a whole. As the developmental pattern matures, a cyclical

shift in thinking usually appears regarding the contributions of the small school district in terms of the quality and efficiency of its educational service.

Recommendations

The research and data available about state policy-making as a basis for consideration of small school districts are still incomplete. Additional research relative to this topic concerning policy bases for small school districts might address the following.

1. Further study should be made relative to each of the four states identified as a representative of one of the four different conceptual bases. These studies should seek to determine the historical and political perspectives of the forces which have shaped the states' conceptual bases concerning the provision of supplemental revenue for small school districts.

2. A study should be conducted to determine the areas of policy conflict among the various branches of government and among state policymakers who, in their differing attempts to meet the broader state good, must also consider (or choose not to consider) the special needs of small school districts.

3. Research should be conducted to determine the possibilities for a differentiated, multi-level educational system that could allow for the separate regulation and

governance of both large and small school districts as unique entities.

4. A study should be conducted to delineate the demographic trends, economic forces, and other factors that combine to place an increased amount of policy stress on small school districts.

Commentary

Policymaking is a continual, evolutionary process. Initially, policy change is generated by individuals or groups whose thought processes indicate that a change in policy is in order. The material interest, or power base, acting as the catalyst will usually determine the progress and ultimate fate of most policy changes. In theory, the purpose of change in educational policymaking is to replace outdated programs or practices with those which will better serve the educational needs of the students. As the 20th Century draws to a close, extraordinary demands and opportunities for change confront our nation and its educational establishment. These forces are so powerful that the need for policy change is clearly evident. Each state will have to deal with these forces as they posture themselves to enter a competitive global economy and an emerging new order in the 21st Century.

New policy is usually a departure from some current practice which contains a set of historical roots. A

nation's birth, growth, and maturation occurs through stages of predictable events. A superficial observance of history indicates some of those first ordinal events to be exploration, occupation, and settlement. If these frontiering processes are successful, the second ordinal stage usually includes the organization of religion, education, local government, and commerce. The next activity usually lends itself to the formation of republics, provinces, or states. The rate and force of further growth is often regulated by physiographic variables and the natural resources available. Accompanying each developmental activity are policies, some formal and some informal, which are put in place by the people participating in the development. This developmental process was evident in each of the four selected states.

As the process continues, society and the culture begin to stratify through formation of urban and suburban areas. Societal building blocks are comprised of numerous components and various services, education, law enforcement, health care, commerce, and business to mention only a few. Each building block has its own identity, yet they are often interdependent. One cannot easily focus on a single element with total disregard for the tapestry as a whole. The various policy bases which accompany these integral parts did not develop in a vacuum but are responses to pressures exerted by the changing needs of the culture and the society that created and implemented the policymaking decisions.

School districts were inherently designed to deliver a governmental service to a specified group of people. Each school district was developed to meet its own unique mixture of cultural need which was perceived within a particular historical and developmental time frame. The policymakers' conceptual base and their contemporary understanding of small school districts may be a direct result of the demographic trends, economic factors, and evolutionary level of the governmental subdivision of which they are responsible for policy development. The major successes and strengths of the numerous small school districts created in days past may have been more relative to the nation's developmental goals during this earlier historical time frame. In any mixture of schools, some have always been, and will continue to be, smaller than others.

Policymakers will continue to deal with the issue of how best to structure the educational delivery system. In a democratic form of government, which is based on equitable representation by population, the development of an urban focus of education has been assumed to be right and good for all school districts. As the problems and solutions confronting education have grown more complex, small school districts have been held accountable for programs of correction and/or remediation for a very limited and sometimes non-existent population within their district boundaries. The political sovereignty of a school district, which is

often referred to as local control, will probably not survive much longer under the mitigating circumstances created by the rapid changes being experienced by our nation and its schools.

Rural America, which embraced the Agricultural Revolution and mass produced its way through the Industrial Revolution, is demographically and politically ill-prepared to enter the Information Revolution and its service-based economy. The small rural school districts were even smaller and more numerous during the early stages of national development because that met the need. Through the years, states have taken different policy positions concerning small schools with the end result being that the number of small school districts has declined. Their average geographical size and student enrollments have increased when compared to their counterparts of earlier years. The prognosis for small rural school districts would indicate that they will probably continue to decline in numbers. Those surviving will most likely exist in the nation's most isolated rural sections that are sparsely populated by those people who are needed to produce the nation's food or to develop its natural resources. The small school districts' continued existence may be more relative to their geographical location and rural orientation than to their merits and strengths. Those school districts that are in counties which are persistent losers, in terms of economic growth and

population, are likely to be suspect for continued existence. Those school districts in counties near developmental zones, and which are therefore potential persistent gainers, will more likely survive or evolve into larger school districts.

A final, and most important, recommendation from this study is to establish an effective national focus on rural policy development. The nation's development, including the role and evolution of its educational delivery systems, has evolved to the point that the role of small rural school districts may have changed. Honest and open debate should be encouraged concerning the small rural school districts and the policies that govern them.

It is hoped that the data and findings of this study have added to the understanding of the conceptual bases policymakers have used and might consider for the small school districts within their states. It is also hoped that this study has provided additional insight into the potential policy development in states, like Oklahoma, with numerous small school districts as they face the future and attempt to regulate the numerous small school districts within their boundaries.

The current pressures on America's educational delivery system to improve educational outputs do not necessarily dictate that large school districts are the best method of delivery to attain this national goal. Each state will need

to re-examine its policy base regarding small school districts and weigh it against their total good.

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