

# **School Finance Project Meeting Notes**

## **January 23-24, 2003**

### **Atlanta, GA**

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**State Teams:** Jim Williams (AL), Caroline Novak (AL), Mary Boehm (BSF), Leslie Graitcer (BSF), Diane Hopkins (GA), Tom Upchurch (GA), Jeffrey Williams (GA), Cindy Heine (KY), Ruth Webb Kelly (KY), John Dornan (NC), Philip Price (NC), John Poteat (NC), John Denning (SECTQ), Peggy Torrey (SC), Elmer Whitten (SC), Steve Adams (TN), John Morgan (TN), George Yowell (TN). **Consultants/Speakers:** Robert Kronley, Ferrel Guillory (MDC) and Steve Smith (NCSL)

John Dornan opened the inaugural meeting of the School Finance Project providing an overview of project, including the compressed timetable and ambitious nature of our task. Individual states provided updates on the political, budget, and school finance climates within their states.

#### **State of the South**

Ferrel Guillory of MDC and author of *State of the South 2002: Shadows Revisited*, provided an overview of the economic imperatives of an educated workforce, especially given the changing nature of the economy. Guillory suggested the South is facing three significant challenges: a widening rural/metropolitan divide, education gap, and coping with immigration challenges. The South's metropolitan areas have become the "economic engines" for the region and the growth of "city-states," e.g., Atlanta, have been the major factors behind this development. There is also the emergence of a divide between prosperous and distressed rural areas. The prosperous rural counties are generally linked to major transportation arteries or are mountain or coastal tourist and retirement destinations. Conversely, the distressed rural counties don't have access to the transportation arteries and are falling further behind their more prosperous neighbors. The South has an aging population, but immigration is keeping the region young. Guillory's final challenge involved the growing rural/urban education gap and its ramifications for the changing "new economy."

According to Guillory, the areas policymakers should focus their attention:

- refocus economic development, especially a broader framework that involves increasing the competitiveness within certain regions of states
- limit incentives for corporations
- modernize tax systems
- metropolitan-focused policies
- rural regionalism—encourage regional collaborations and link rural areas with metropolitan areas
- use universities & community colleges as catalysts for change
- investments in education—especially in the birth to five-old-year group

## **National School Finance update**

Steve Smith of the National Conference of State Legislatures began his remarks providing an update of state budgets and the impact of the No Child Left Behind (NCLB) legislation. Some questions to consider:

- Will the federal government withhold funds?
- How can states who fund the largest part of education direct and benefit from reform efforts?
- How much will it cost to receive federal funds?

Smith provided a brief history of adequacy and school finance litigation, and he contended that NCLB will lead to an increase in school finance litigation. Four approaches have emerged in determining adequate funding levels:

- Professional Judgment—List standards, have education experts define criteria for meeting those standards, and cost out the model. This is an input-based approach.
- Successful schools—Identify schools that are successful and develop your cost models from their spending levels.
- Best practices/programs—Determine the costs of successful programs (*e.g.*, whole school reform). Note: there is a fine line between professional judgment and best practices.
- Statistical analysis—Develop the average spending within a state and then make statistical adjustments to ensure that districts are receiving appropriate funding levels.

Smith stressed the importance of examining adequacy through multiple lenses. He stressed that exact formula of state versus local funding is not as important as ensuring that “equal pain” is shared across the state.

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## **Future Meetings...**

**March 12-14 (Atlanta), April 9-11 (Louisville) & June 4-6 (Atlanta)**