Interest in general school finance reform escalated in the 1970s, with many court decisions ruling state educational finance systems unconstitutional because of extreme variations in local wealth. Many state systems of educational financing were realigned. While the remedies utilized generally served to placate reformers, a resurgence of challenges to finance schemes is becoming evident. The potential for lawsuits involving facility funding appears strong, with a growing concern that equality of opportunity may be affected by bricks and mortar. Research addressing the issues surrounding financing facilities in the state of Kansas examines the following: (1) determining the sources of concern and the associated legal issues; (2) assessing other states' handling of the issues; (3) ascertaining the dimensions and effects of the problem in Kansas; (4) determining whether the problem is generic to the state or just a rural-urban difference; and (5) establishing whether or not there is a connection between educational facilities and the quality of educational programs. The following are conclusions and recommendations for the state of Kansas: (1) adopt a mechanism for granting true aid for facility construction and maintenance; (2) adopt an aid formula similar to those in other states; (3) allow for a high level of state participation; (4) consider current local effort; (5) provide for continual local incentive and local control; (6) provide funding for existing debt reduction; (7) prioritize the needs statewide; (8) identify cost projections; and (9) establish two operational funds for assistance to local school districts, one for critical needs and one for long-range plans. The research suggests that there is a potential for state liability if court trends develop as indicated. Contains 30 references. (ALL)

* Reproductions supplied by EDRS are the best that can be made from the original document.*
FINANCE, FACILITIES, AND EQUITY:
EMERGING CONCERNS FOR THE FUTURE

David C. Thompson
Kansas State University

William E. Camp
University of North Texas

Jerry G. Horn
Kansas State University

G. Kent Stewart
Kansas State University

Presentation
National Rural Education Research Forum
September 23-24, 1988

and

National Rural Education Association Convention
September 24-28, 1988

Bismarck, North Dakota
FINANCE, FACILITIES, AND EQUITY:
EMERGING CONCERNS FOR THE FUTURE

Introduction

Capital outlay financing in the nation's school districts is a growing concern. Although researchers have frequently spoken out regarding the potential impact of capital outlay financing on school structures, the topic has typically been relegated to secondary status. While the reasons are not altogether clear, some writers have suggested that funding school facilities has received more deliberate avoidance than concerted attention, particularly since a discussion of capital outlay funding and potential state participation is likely to evoke strong responses.

No one can claim that concern for equity in school finance is a recent phenomenon. General school finance reform interest escalated to historic proportions during the 1960s and 1970s, with many court decisions ruling state systems for financing education unconstitutional because of extreme variations in wealth. The *Serrano v Priest* (1971) emphasis on statewide equality caused realignment of many state systems for financing education.

The lawsuits brought funding mechanisms in line, but basic equity concerns were not resolved, as states found artificial mechanisms to adjust for unequal wealth distributions. While the remedies utilized generally served to placate reformers, a resurgence of challenges to finance schemes is becoming evident. Several states are facing new court challenges, and the likelihood appears remote that charges of inequity will subside.

The potential for lawsuits involving facility funding appears strong. Just as there are concerns about teacher quality, instructional resources, and other achievement variables, there is a growing concern that equality of opportunity may be affected by bricks and
mortar. Several indicators are seen in a quietly growing body of court comments about facilities and in an increasing body of research literature that examines equity in facility financing.

What is needed is to place in perspective some sense of emergence of the concern, to provide a synthesis of existing research, to add through new research to the body of knowledge, and to speculate on how the issue may affect the rural and urban areas. The research presented at this forum addresses those needs by observing several questions in the state of Kansas and larger equity setting. The concerns and issues surrounding financing facilities in this research are stated: What are the sources of concern, and what are the legal issues surrounding the potentially troublesome issues? How are other states addressing the issue, and can insight be gained into the problem by observing their involvement? What are the dimensions and effects of the problem in Kansas? Are there differences between rural and urban areas of the state, or is the problem generic to the entire state? And finally, is there an association between educational facilities and the quality of educational programs?

Answers to these questions are not clearly evident. Studies have found that most superintendents hold a high level of awareness and concern for financing facilities (Jolley, 1983). Similar evidence exists in Kansas (Thompson et al, 1988), but the evidence also suggests that superintendents are slow to embrace state involvement. There appears to be resistance to extension of state support to facilities despite the fact that some needs are going unmet as a consequence of extreme dependence on local wealth for funding school facilities (Bogle, 1986).

**Historical and Legal Perspectives**

Concern for capital outlay must be placed in historical perspective because it laps tradition, practice, the courts, and politics. Historically, facility financing has been a low
priority. Several causes for state inaction have been surmised. Chief among the reasons has been tradition. Prior to 1900, education was a uniquely community-based event. A smaller percentage of children attended school, and building costs and programs were simpler. School buildings were local possessions raised by volunteer labor, materials and land. Obsolescence was nearly nonexistent, and the demands of on the tax base for competing governmental services were minimal (Burrup, 1982). The years after the turn of the twentieth century, however, saw the advent of bonding as school needs increased faster than ability to pay. Issues of tax base adequacy emerged, and assessed valuation of property and location of power plants, oil and gas facilities, railroads and other industries became critical to the local community's educational funding program (Salmon et al, 1981).

Despite a low priority for funding facilities, at times states have recognized the problem. A number of states have experimented with aid to construction, adopting plans for state participation as school building needs increased dramatically after World Wars I and II and following the Depression. These devastating events had nearly halted facility construction, resulting in a severe backlog of needs. These events, together with increasing costs, new curricular programs, and American mobility, removed education from the closely-knit communities, making education a function of the larger society.

Although many states have become involved, it is a checkered history. At various times the effort has been enthusiastic; at other times denial of responsibility has been evident. In general, there has been less than enthusiastic support for state participation in school building costs. States have given the same impression regarding facility reform that surrounded school general finance reforms, as states waited until forced to reorder funding formulas. But despite the slowness, there has been movement toward state involvement. Presently 45 states provide loan or grant assistance (Jones, 1985), and 28 states provide some form of true grant-in-aid assistance to local school districts with 22
states effectively offering no aid (Thompson, 1988). The question of legal responsibility for state participation in school building costs has never been completely answered. This policy analysis suggests that those 22 states offering no assistance in the form of equalization to capital outlay may potentially be targets for claims of unequal educational opportunity.

Serrano (1971) offers much of the basis for state concern, marking the pattern of equity cases filed in state courts seeking protection under state constitutions. Of greatest interest was the court's decision in Serrano that variations in local wealth were ultimately related to educational opportunity. Many states realigned their finance formulas following Serrano under the presumption that if challenged, their own system for funding schools would be declared unconstitutional, but there was a common assumption in the new finance formulas that equalization principles applied only to general fund expenditures. The accuracy of that assumption is being questioned, and there are indicators which suggest that the assumption may have been erroneous.

As part of the reform movement, courts have commented sharply over the last 15 years on how local districts provide funding for school buildings. The Serrano (1971) decision and its subsequent review in Serrano II (1976) established that the state must provide an adequate educational system with direct reference to capital outlay in Serrano II. Numerous other cases have commented on facilities, leading to speculation regarding the eventual effect of broader equity principles upon capital outlay.
Several court cases illustrate the growing interest of courts in funding facilities:

* **Shofstall v Hollins (1973)** in Arizona: funds for capital improvements were more closely tied to district wealth than funds for operating expenses, and that the capacity of a school district to raise revenue by bond issue is a function of assessed valuation.

* **Robinson v Cahill (1973)** in New Jersey: the state's obligation included capital expenditures, without which required educational opportunity could not be provided.

* **Serrano II (1976)** in California: deferred maintenance funds were required to satisfy the court.

* **Board of Education of the City of Cincinnati v Walter (1977)**: a thorough and efficient system of schools is not met if any schools are starved for funds, teachers, buildings, or equipment.

* **Diaz v Colorado State Board of Education (1977)**: some districts were better able to provide facilities.

* **Lujan v Colorado State Board of Education (1982)**: the fiscal capacity of school districts to raise revenue for bond redemption and capital reserve was a function of property wealth.

* **Christensen v Graham (1988)** in Florida: although the Florida court ruled in summary judgment that the state system for financing education did not violate equal opportunity, Florida has held national prominence as a leader in assisting facility financing.

* **Helena Elementary School District et al v State of Montana et al (1988)**: the court noted that the ability of school districts to raise funds for capital outlay was dependent on local tax levy, citing the absence of state aid to capital outlay as creating a wealth dependency in Montana's school finance system.
* Edgewood Independent School District v Kirby (1987): ensuing court order to correct conditions included remedies and noted that funds for school facilities were required to satisfy the court.

Other cases have also taken note of wealth dependency in facility funding. The West Virginia case of Pauley v Bailey (1982) offers the best analysis of the potential breadth of the concern for financing school buildings (Thompson, 1987; 1985). Originally filed in 1972 as a concern for inaccessibility to a quality education, the focus in Pauley became for the first time in history a direct concern for equal opportunity as defined by adequate school buildings. Originally dismissed, the lower court’s ruling was reversed by the West Virginia Supreme Court. The court saw a primary flaw in the state’s reliance on local property tax for providing quality education which was extensively defined as including school facilities. Pauley serves as the most extensive record of the definition of a quality education, and the issue of facilities and equal opportunity was sharply detailed.

The issue appears to be gaining some momentum as still other cases are under review or presently being filed which impact directly or peripherally on capital outlay funding:

* Kenai Peninsula Burrough and Jerry Anderson v State of Alaska and Matanuska-Susitna Burrough v State of Alaska: a current court case in 1988. An extension of Hootch v Alaska State Operated School System (1975) in which general equity claims sought to force the state to build schools in outlying communities to reduce boarding schools. The state agreed to build rural schools and reimburse both rural and urban communities for debt retirement to avoid continued litigation. Reimbursement levels varied with the economy, and the net result was differing levels of reimbursement to rural and urban districts. The present cases were filed in protest of unequal protection.

* Abbott v Burke (1985) New Jersey: an ongoing review of Robinson v Cahill (1973), the case includes provisions for relief on funding facilities.
*Jenkins v State of Missouri* (1987): facility financing appears to play an important part. The Kansas City, Missouri case promises to keep the issues of facility finance in turmoil, as funding for school buildings appears destined to play an important part in both the court's decision and any appeal process.

Finally, leading cases which cite the importance of capital outlay in state support mechanisms are presently on appeal in Florida, Texas, and West Virginia. The decision in Florida in *Christiansen v Graham* (1988) is on appeal. *Edgewood v Kirby* is being appealed by the state, and the West Virginia case is back in court as *Pauley v Gainer* (1987). The *Jenkins* case in Missouri is a virtual certainty for appeal. The eventual outcome of *Pauley, Kirby,* and *Jenkins,* and other pending cases will be of critical importance to equity trends in school finance.

There is ample evidence that equity is still a vital interest among reformers. Those efforts nearly always appear in court as reform is never easily accomplished, nor is it typically achieved without some element of forced compliance. To the extent that capital outlay and equity appear to be gaining strength as related issues, an examination of evidence is both timely and appropriate.

**THE FACILITY DILEMMA IN KANSAS**

The research literature also exhibits a strong concern for construction, maintenance, renovation and similar capital outlay issues. While components and features of problems are unique to individual states, there are commonalities which help assess the extent of the issue. Three studies which have occurred in Kansas and a national research effort lead into the present research.

Kansas is a largely rural state. In 1985, Honeyman and Stewart surveyed Kansas school districts of less than 1,000 students, encompassing 223 of the state's 304 districts. The
objective was to identify variables which influence a district's ability to generate maintenance funds.

The survey indicated a backlog of needs referred to as deferred maintenance, estimated to total $60 million in rural districts. Districts suffered from common problems of inability to fund roof repair, HVAC systems, window/energy related measures, and generally needed renovation and modernization. Correlations among fiscal variables and reported levels of deferred maintenance yielded evidence of wealth dependency. Regression analysis indicated that the level of outstanding debt was the single best predictor of deferred maintenance, leading the researchers to conclude that local wealth contributed significantly to decisions to proceed or defer needed maintenance projects.

A survey of districts with greater than 1,000 student enrollment in Kansas yielded similar results. Devin (1985) studied 81 districts, finding a backlog of $321 million for similar needs. Devin noted the causes of deferred maintenance, citing building age, health/safety considerations, technological/curricular needs, energy, tax limitations, and demographics as major reasons for high levels of deferred maintenance. Finally, random sample research in Kansas districts similarly found high positive relationships between wealth and facility condition, with deferred maintenance positively associated with assessed valuation, taxable income, enrollment, and general fund tax rate (Burk, 1987).

National rural research efforts (Honeyman et al, 1988) yielded the same dilemma. A recent study sponsored by the National Rural Education Association, Kansas State Center for Extended Services and the university’s Center for Rural and Small Schools yielded national figures of $300,000 deferred maintenance per building, a national total of $2.6 billion in actual deferred dollars, and an $18 billion need to replace/renovate buildings. Again, positive correlations with wealth and condition were noted, with the researchers...
concluding that the higher the wealth, the lower the need, with utilization of the bonding mechanism being the single best predictor for financial difficulty in maintaining facilities.

The Present Research

The present research sought to expand the data base by analyzing the total population of 304 Kansas school districts and by comparing urban and rural districts. Superintendents were asked to respond to a series of questions related to tax base size and type, general fund budget, capital outlay budgets, mill rates for general fund and capital outlay, bonded indebtedness, and dollars budgeted for planned improvements. Superintendents also responded to questions regarding recent bond election results, plans for new bond elections, adequacy of present facilities including plans for major renovation and construction, and potential closing of facilities.

The intent of the study was exploratory in order to determine the magnitude of need and the relationship of suspect variables. The research design was limited to measures of description, distribution, variation, and correlation between variables. Four statistical measures were utilized to obtain a panoramic view of the state and the rural and urban subgroups. Measures included were: (1) unrestricted range (2) restricted range (3) federal range ratio and (4) Pearson correlation coefficients.

Results

The profile suggests the typically rural state in small independent school systems. The number of pupils enrolled totalled 396,617 FTE and were housed in 892 elementary schools, 209 variously defined junior high schools, and 356 high schools. The most common grade arrangement was 128 districts identifying a K8-4 pattern, 54 districts reporting K6-6, and the remaining districts reporting other organizational characteristics, with the least common grade arrangement being a K12 pattern reported by only five schools.
districts. No one-room school systems existed. The number of school buildings in the state consistently reflected expected rural and urban economies of scale where proportionately more buildings educate correspondingly fewer students.

The age and condition of buildings were profiled to help analyze and compare rural and urban districts. Districts reported a majority of buildings (696) whose ages fell between 20-50 years, and a sizeable number (253) buildings more than 50 years old. Subgroupings for rural and urban indicate the age of buildings fairly evenly distributed across the two subgroups with no particular group outstripping the other in sheer numbers, although it was noted that the preponderance of older facilities were located in rural communities as a percentage of total buildings in each subgroup. Results of the condition rating indicated a sizeable number of districts reporting buildings in fair (209) and poor (66) condition. Rural and urban subgroupings revealed that 29 percent of rural schools were rated in fair to poor condition, while only 7.1 percent of the urban schools were similarly rated.

Financial data on the districts looked at the fiscal base of districts and indicated both the appearance of tax base sufficiency as 37 districts received no state aid and a moderate level of state involvement in education. The state contributed over $435 million to general education aid at a mean level of 33.77 percent, with some districts receiving as much as 80 percent of general fund budgets from the state. Tax effort among communities varied greatly, with general fund mill rates ranging from 6.13 mills to 91.33 mills. The rural nature of the state was confirmed by sources of revenue, with a 58.5 percent majority reporting primary reliance on agriculture, 4.9 percent on industry, 8.2 percent urban real estate, and the remainder related to multiple local mixtures of accessible wealth.

Data regarding capital outlay levies indicated that despite the average age of buildings in the state, a majority of school districts have found it necessary to levy for capital outlay and have accumulated bonded indebtedness. Total bonded indebtedness for the state reached $384,875,687 with 129 districts reporting a debt-free condition. Plans
called for spending $67,626,299 for improvements, representing nearly half of all districts who responded. A significant number (20%) of those responding to the survey indicated plans to conduct facility projects requiring bond issues, while another sizeable group (10%) reported recent bond election failures. The burden for existing facility needs is significant as indicated by the subgroupings of rural and urban districts which showed urban districts levying more frequently for both capital outlay and debt retirement, with a majority in both groups is levying for capital outlay and debt reduction.

The broad descriptive profile of the state is thus: typically rural, with numerous buildings approaching middle age and in reasonably good condition, although a sizeable number of districts reported needs amounting to large sums of money, and fiscally conservative with a fairly high degree of local sufficiency indicated by average levels of state aid. The surface data indicated that wealth per pupil appears higher in rural communities with below median state aid and mill rates. The capital outlay profile suggests greater wealth in rural districts, an overall reluctance to enter into debt, but a recognition that the need exists to begin projects with a significant group needing to issue bonds for projects, and another group in serious decline.

The second phase compared the descriptive profile of raw financial data to an equity analysis of ability. Measures utilized were unrestricted range of ability, restricted range, federal range ratio, and Pearson correlation coefficients among 32 variables believed to contribute to districts' ability to fund facility projects. Comparisons of subgroups were then made and conclusions and recommendations drawn.

Unrestricted range looked at revenue produced in each school district by assessed valuation times a uniform four mills. This measure was calculated for each of the class subgroups of rural and urban and for the state. As the difference in unrestricted range decreases, the degree of equity is assumed to increase. Again, under unrestricted range, rural districts possessed the wealth of the state with the wealthiest rural district
commanding a ratio of 2.78:1 over the wealthiest urban district. Rural districts, however, possessed both the richest and poorest districts, with the ratio between the extremes set at 190:1.

The restricted range eliminated extreme scores in order to determine the bulk of districts in the range. The logic for a restricted range measure is that subtracts the effect of outliers by (Restricted Range = $95 - X5)$. As the size of the range increases, the assumption of inequity also increases. The restricted range provided a view of urban districts which noted high and low districts generating a difference of only $101.70, while rural districts exhibited a higher degree of inequality with a net high to low revenue difference of $477.20. The data suggest that while districts are significantly unequal in their ability to generate capital outlay revenue, greater equality of ability exists among urban districts than rural schools.

The federal range ratio provided a third estimation of equity among districts. The federal range ratio (FRR) is a wealth neutrality measure utilized to determine eligibility of groups for certain monies for which fiscal neutrality is required. The FRR assesses the width of a distribution, expressing it as a single numeric value calculated by $(X95 - X5)/X5$. Ideally, the federal range ratio should be zero. The data again indicated wealth differences between rural districts to be greater than in urban districts, with the FRR for rural districts set at 9.5 compared to an urban score of 3.6. The summation of descriptive fiscal data and range measures indicate a wide range of ability, that the range of ability among urban districts is less than among rural schools, and that rural districts occupy both extremes of wealth, making conclusions regarding excessive wealth among rural districts difficult to substantiate.

As it is assumed that conditions are interrelated in some fashion, the question becomes which conditions are dependent on other conditions. The Pearson was used to correlate the degree of association between 32 variables believed to be related to the
wide wealth disparities observed. Correlations obtained were of varying degrees of strength. The strongest positive correlations were found for capital outlay ability to district wealth (+1.0), FTE to planned improvements (.6397), wealth to planned improvements (.6333), condition of facilities to age (.5980), FTE to level of bonded indebtedness (.38), wealth to level of bonded indebtedness (.3034), and planned improvements to level of debt (.2641).

Capital outlay and district wealth yielded a perfect positive relationship. The dependent relationship between wealth and ability is the concern expressed in the research reviewed earlier because the ability of the local school district to provide facilities depends entirely on local property wealth. Given the court interest in wealth related issues, this correlation was a critical confirmed element because wide disparities in ability were clearly present.

Correlation between FTE and planned improvements yielded a value of .6397. Substantive analysis observed that as enrollment increases, needs for new and updated facilities correspondingly increase. But inversely, in districts where enrollments are stable or declining, there was little evidence to suggest that maintenance needs or obsolescence of existing facilities correspondingly declined; in fact, comments by facility raters indicated that needs were aggravated by the described conditions, leading to the conclusion that conditions other than growth also lead to increased needs at a time when local resources are diminishing. These conclusions were supported by a moderately high value of .6333 between wealth and planned improvements. High wealth in districts would indicate that the ability to spend more for improved and additional facilities may lead to increased expenditures, while inversely the inability to spend higher amounts because of low tax yield and priorities for scarce resources may lead to reduced expenditures.

The coefficient of .5980 between age and condition of facilities was not surprising. Other research in Kansas has borne out a positive relationship, indicating that as
facilities age, the condition declines, both in increased maintenance costs and in continued utility. The correlation value found in this research supports a positive and significant association between age and condition, leading to anticipation of eventually large needs for replacement in districts holding older facilities, a large proportion of which are located in rural school districts.

Lower significant correlations among other variables were found, raising multiple questions. Enrollment to level of bonded indebtedness yielded a .38 coefficient, raising the concern that growing districts face a continual need to expand, while stable or declining districts must maintain and improve facilities. Wealth and bonded indebtedness yielded a value of .034, confirming other evidence demonstrating the ability to bond for improvements and construction as a direct function of wealth. A coefficient of .2641 was found between planned improvements and level of bonded indebtedness, resulting in questions regarding the extent to which debt may affect decisions for planned improvements and the extent of deferral that arises as a result of higher debt and district wealth. The large number of significantly interacting variables suggest that wealth is positively related to age, condition, tax effort, and ability in Kansas school districts. When considered in tandem with evidence suggested greater wealth disparity among rural districts, speculation about the cumulative effects of these variables leads to conclusions of significant adequacy and equity problems for the state of Kansas.

Summary

The data provided in this research provides evidence of wealth dependency which may be viewed askance if the issue is pressed in court. While the direct relationship between mortar and achievement has not been clearly demonstrated, there is sufficient evidence to suggest that principles of wealth neutrality are roundly violated in those states which provide no state assistance to facility finance. The evidence is also clear that differences
suggest not only inadequate resources in some communities, but also that the distribution of resources is highly inequitable. As the courts have demonstrated a historic interest in student resource accessibility and taxpayer equal yield principles, there is clear reason to believe that finance, facilities, and equity are terms which now hold a jeopardized relationship.

Kansas school districts are certainly affected by methods for financing school buildings. The importance of methods of funding capital outlay cannot be denied when over 80 percent of districts levy for capital outlay and where school systems also levy substantially for debt service. A clear disparity also exists where the wealth ratio extremes are 190:1. While neither rural nor urban school districts monopolize a strict advantage in facility funding and each is confronted with unique problems, rural districts presently experience less equity in resource distribution by representing both ends of the wealth continuum. The narrow tax base in most rural communities is frequently under stress, and the data indicate that rural communities hold a higher incidence of facilities in need of attention. At the same time, local agricultural economies are shrinking. While many urban and rural districts alike have legitimate complaints about inadequate resources to meet facility needs, rural districts demonstrate a greater overall inequitable distribution of resources.

The age and condition of buildings throughout the state indicate that districts may face growing problems. In a setting where nearly 20 percent of buildings exceed 50 years of age and the physical condition of buildings is described as fair or poor in nearly 22 percent of the state's facilities, the evidence indicates significant needs for repair, maintenance, and replacement. For the 80 percent who already levy for capital outlay and the 50 percent who levy for debt retirement, those needs represent an added burden which will undeniably fall upon a wealth-dependent relationship which must ultimately affect decisions to proceed or delay addressing their needs.
Conclusions and Recommendations

The evidence leads to a conclusion that the states which provide no assistance to capital outlay have failed to address both adequacy and equity concerns regarding facilities and fiscal resources. As the past 20 years of court reform have clearly delineated a sensitivity toward fairness and the centrality of state responsibility for educational equality, that trend calls states to envision where future court battles might lead.

The present research requires recommendations consistent with the evidence. We recommend that Kansas adopt a mechanism for granting true aid to school districts to assist in facility construction and maintenance. We also recommend that Kansas adopt an aid mechanism consistent with principles of equalization found in the general aid formulas now operational in many states including Kansas. We further recommend that several critical features should become an integral part of any plan to assist facility finance in Kansas by providing for the inclusion of most districts through increased levels of funding. Any desirable plan should also address concerns about local control brought about by increased state involvement. These features would require the state of Kansas to build in provisions which allow for a high level of state participation, consider current local effort for facility financing, provide for continued local incentive and local control, provide funding for existing debt reduction, and consider variables such as special needs, enrollment growth, sparsity, and emergencies.

Finally, we recommend that the State of Kansas standardize a process to include a statewide project list to prioritize needs and identify cost projections, thereby maximizing the utility of project identification and fiscal constraints. Inherent in that recommendation is the belief that the state should establish two operational funds for assistance to local school districts. The first fund should tie directly to the immediate
needs for school districts which are experiencing difficulties because of wealth insufficiency. It must further be encouraged that the critical needs fund and the long-range fund should appropriate substantial dollars to assist local districts.

Policy analysts will recognize the enormous ramifications of introducing state government into yet another area of funding education. But the research is guided by an awareness that there is a potential for state liability if court trends develop as the indicators suggest. It is the firm conclusion of this research that states are well advised to explore issues rationally which Guthrie (1988) describes as a fertile field for reform.
REFERENCES

9. Edgewood Independent School District v Kirby, No. 362,516 (District Court of Travis County, 250th Judicial District of Texas, June 1, 1987).


