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The Effects of an Aging Rural Population on the Financing of Rural Public Education

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The effect of an aging rural population on future support for locally generated education financing policy options is examined. Results of a survey of rural Illinois residents show that retirees support local public education, but their level of support is slightly lower than non-retirees. Further analysis of local education bond referenda in Illinois indicates that a higher percentage of aged does not appear to adversely affect the passage of a referendum. The analysis challenges the conventional wisdom that retirees do not support local education.

Historically, rural areas have lagged behind urban areas in socioeconomic growth and development. Many factors work against the likelihood that rural communities will ever return to their heydays as retail and employment centers in sparsely populated areas. Transportation infrastructure, mechanization of farming, and innovations in manufacturing technologies all have adversely affected the competitive position of rural areas. These fundamental changes have altered the ability of rural educators to provide quality educational opportunities (Sederberg & Hendrix, 1989). Concern about declining population, economic, and property tax bases on which rural schools depend is escalating.

During the 1980s, an additional long-term socioeconomic trend gained national attention: the aging of America. In short, America is growing older. At the turn of the century, persons 65 years of age and older represented 4.1% of the total U.S. population (Soldo & Agree, 1988). Today, older persons comprise more than 12%. By 2020, one estimate is that more than 17% of all persons in the U.S. will be 65 or older (Soldo & Agree, 1988).

This trend is highlighted in rural areas where migration patterns compound the national trend. Movement of older people into rural and small towns has become so common that one fifth of all rural counties are classified as retirement counties (United States Department of Agriculture, 1990-91). Without the growth in these counties, rural America would have declined even more. This trend is amplified further by the traditional outmigration of younger adults.

The aged in-migration trend in many rural areas has become so strong that some rural development specialists have deemed retirement migration as the "economic engine" of the 1990s (Cook, 1990; Schneider & Green, 1989; Summers & Hirschl, 1985). The incomes that elderly residents can bring to an area are substantial. By one estimate, migrating retirees from New York will have brought an estimated $1.7 billion to Florida between 1985 and 1990 (Hoppe, 1991). To the extent that many retired migrants are, in fact, relatively young, healthy, and affluent, it seems likely that they add to the economic base of the area (Serow, 1990).

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In addition, the income that the elderly spend tends to have a stronger multiplier effect in rural areas for two reasons (Cook, 1990; Reeder & Glasgow, 1990). First, retirees spend a large share of their income within the local area. Second, a large retired population may stimulate the local health care sector. Also, more important is the relative stability of retirement income. The potential economic gain has led communities to compete for out-of-state retirees.

Some concerns have been expressed about the potential downside to the aging of rural areas (Hoppe, 1991; Reeder & Glasgow, 1990). A common concern is that many rural areas currently do not have the desired health care facilities and retirees may place political pressure on rural leaders to devote larger shares of limited local tax revenues to health services. Another concern is the level of poverty among the elderly. Approximately 18% of rural elderly are poor, about twice the rate of urban elderly (Hoppe, 1991). While in-migrant retirees may be affluent, indigenous rural retirees tend to be poor.

Perhaps most concern focuses on the perceived unwillingness of retirees to support local public services through local property taxes. In a study of local government expenditure levels in rural areas, Reeder and Glasgow (1990) found that expenditure levels on infrastructure, such as roads and bridges, tended to be 28% lower in retirement classified counties than in other rural counties. Surprisingly, they also found that local governments in retirement counties spend 11% less on public health and hospitals than the rural average.[1]

The most striking result of the Reeder and Glasgow study for rural educators is the tendency for rural elderly to be less supportive of public education. These researchers found that retirement counties spend between 11% and 17% less per person on public education than other rural counties. They hypothesize that because the elderly do not benefit directly from most forms of public expenditures on education, they are less likely to support increases. The elderly also tend to own real property and bear a disproportionate share of local taxes. Given that most retirees live on fixed incomes, increases in property taxes directly lower their disposable incomes.

A study by the Advisory Commission on Intergovernmental Relations (1985) revealed that the elderly view the property tax less favorably than younger residents. The same study showed that the elderly are twice as likely to oppose education funding as people under 35. Given that the elderly may be more active in local politics, it is not surprising to expect lower public education expenditures in areas with concentrations of elderly.

The limited empirical evidence and a range of individual cases has led many rural policy makers and educators to embrace the common perception that retirees will fight most, if not all, attempts to increase funding for local education. Conventional wisdom maintains that retirees tend to be self-serving with respect to supporting higher taxes for local education.

Our objective here is to provide additional evidence about the effects of an aging rural population on the financing of rural public education. First, we examine the current financial condition of public schools in rural Illinois. Next, using survey data from the Illinois Rural Life Panel, we compare and contrast the opinions of retirees and non-retirees. Again using survey data, we develop a simple regression model to expand on the analysis by controlling for certain socioeconomic variables. We further scrutinize the accuracy of conventional wisdom by examining the relationship between the proportion of retirees within the community and the success of local school bond referenda in Illinois. We conclude with a discussion of policy options and directions for subsequent research.

Trends in Illinois School Funding

Illinois is responsible for the education of nearly 1,795,000 K-12 students. As noted by Hall and Smith-Dickson (1990), only Texas and California have more children in state-supported public education. Educational services are provided through 967 independent school districts, of which 89.4% have fewer than 3,000 students. Indeed, 35.6% of these school districts have fewer than 500 students; 25% have between 500 and 1000 students. Nearly all of the smaller schools are located in rural areas.

In fiscal year (FY) 1988, $7,944.6 billion was spent on public education in Illinois (see Table 1). But the more important trend is the state's declining share of total spending. In FY 1975, the state

[1]This may be explained by the location of health care facilities: Retirees may travel out of the county to urban areas for health care services.

Table 1
Recent Trends in Financing Illinois K-12 Districts (in millions)

Year	State	Local	Federal	Total
1988-89	$3,000.1	$4,305.1	$639.4	$7,944.6
	37.8%	54.2%	8.0%	100%
1985-86	$2,767.9	$3,481.3	$494.8	$6,744.0
	41.0%	51.6%	7.3%	100%
1982-83	$2,103.2	$2,974.4	$441.3	$5,518.9
	38.1%	53.9%	8.0%	100%
1979-80	$2,218.5	$2,485.0	$536.3	$5,239.8
	42.3%	47.4%	10.2%	100%
1975-76	$1,988.1	$1,856.8	$266.5	$4,111.4
	48.4%	45.2%	6.5%	100%

Source: Illinois State Board of Education as reported in Hall and Smith-Dickson (1990).

accounted for 48.4% of total spending and local revenues represented 45.2%. In FY 1988, the state represented only 37.8% and the local share increased to 54.2%. The decline in state share shifted more of the burden to local sources, specifically property taxes. Given increased responsibilities faced by state governments during the Reagan policy of fiscal federalism, this trend toward greater dependence on the property tax will continue.

To gain a better understanding of the current financial position of Illinois public schools, a mail survey was sent to all Illinois school districts (Hall & Smith-Dickson, 1990). In Fall 1989, surveys were sent to 967 school districts in Illinois with one follow-up mailing. A total of 499 responses (51.6%) were returned. The survey gathered data on attitudes of local officials on three issues: school financing, Illinois' school funding formula, and additional curricular needs. For this study, data on financing attitudes are used.

Slightly more than half of the responding districts reported that current revenues are inadequate (see Table 2). Approximately one in five noted that current revenue shortfalls are forcing a reduction in school programs and/or services. When queried about the future status of school district financing, an alarming number of districts speculated that expenditure reductions will be necessary (see Table 3).

The financial problems identified are concentrated in rural areas where declining property tax bases and changes in methods of property assessment have strained the ability of rural school districts to raise local revenues. Rural school districts will be hard pressed to keep pace with the demands of school reform (Brizius, Foser, & Patton, 1988; Honeyman, Thompson, & Wood, 1989).

The Views and Actions of Rural Retirees

Empirical evidence to support or challenge the conventional wisdom concerning retirees and local education can take one of two forms. First, the expressed views of retirees to specific education financing options provides direct evidence. Here positions on detailed policy options can be identified. However, respondents to these questions may enter into strategic behavior by expressing opinions that they feel are appropriate regardless of their true beliefs. A second approach examines in an ex post manner the behavior of retirees when faced with actual policy choices. For local public education, the best example of the latter is whether or not retirees support education bond referenda. Both approaches are used in this study.

Table 2
Assessment of Local School District Financial Condition by Local School Administrators

	School Size		
Fiscal Position	<500 (N = 161)	501-1000 (N = 131)	1001-3000 (N = 147)
Revenues adequate, no foreseeable problem	18.0%	16.8%	18.2%
Revenues adequate, but no funds for program expansion	29.2%	32.1%	23.0%
Revenues inadequate, but not cutting programs	38.5%	32.3%	36.5%
Revenues inadequate, reducing programs/services	14.3%	19.8%	21.6%

Note. Each cell contains the percentage of local school administrators that checked the statement best characterizing their school district's financial condition. (Source: Hall & Smith-Dickson [1990]).

Views of Rural Retirees

Insight into possible effects of an aging rural population on the ability of rural educators to provide quality educational opportunities is gained from a mail survey of the Illinois Rural Life Panel. The mail survey is part of a larger ongoing project of the Illinois Institute for Rural Affairs (IIRA) at Western Illinois University. The study is in its fourth year and is designed to provide state and local policy makers with information on the views of rural Illinois residents on a range of issues from local education to recycling. Started in Fall 1989, the original panel was composed of 2,696 persons in rural Illinois. Of the 2,696 persons in the first panel, 2074 responded to the second survey for a response rate of 77%. Another 253 rural residents were added to the panel from a general mailing of 1,000 questionnaires. Of the 2327 comprising the second panel, 81% returned the third questionnaire, sent in the spring of 1991. Another 142 residents were added to the survey from the pool of persons who had responded to the first survey, but not the second. Panel three, the one used in this analysis, has 2074 persons participating; all 76 rural Illinois counties are represented. Each survey has approximately 250 separate questions covering a range of issues. (For more detail on the IIRA *Rural Life Panel* study, see Thistlethwaite, Kazmi, Adkins, & See [1991]). A total of 2015 survey respondents are available for this analysis. Retirees represent about 25% of the respondents.[2]

Respondents answered four sets of strategies about public school finance: (a) current level of funding adequacy; (b) revenue enhancement policies; (c) ways to reduce costs; and (d) program expansion. Strategies, except the first, had a Likert-type format where respondents were asked to evaluate policy options. Those strongly agreeing with the policy option were coded as a five; those who strongly disagreed were coded as a one. By statistically comparing sub-sample means across retirees and non-retirees, differences in level of support for various school financing policies can be assessed (see Table 4).

Respondents were asked first if the current level of funding is adequate for public schools. Approximately one in three (36.5%) non-retirees and one of every two (51.2%) retirees expressed the opinion that current levels of funding are adequate. An immediate implication of this finding is that communities with a higher percentage of retirees may have a more difficult time adopting

[2]The total number of respondents and corresponding share of retirees varies by question because not all respondents completed all questions.

Table 3
School Administrators' Views on the Financial Future of Illinois School Districts

Strategies	Percentage Responding Yes
Resources are adequate, no property tax increases necessary	12.0
Resources will be sufficient to provide cost-of-living pay increases and normal growth in budgets	17.6
Cutbacks will not be necessary but pay increases will not be competitive with other districts	22.6
Cutbacks will be necessary, but teachers will not be terminated	11.8
Expenditure reductions will be necessary causing cutbacks in teachers and/or programs	37.3
Consolidation or program sharing with other districts will be necessary	17.4

Note. Column sum is greater than 100% because some districts checked more than one item. (Source: Hall and Smith-Dickson [1990]).

policies that enhance local school revenues. In essence, at least half of retirees seem to believe that local schools have sufficient levels of funding and increases in funding are not warranted. Conventional wisdom seems justified.

Several patterns are uncovered in an analysis of specific revenue enhancement options (see Table 4). First, both retirees and non-retirees agree that increased revenues should come from higher levels of government, specifically the federal and state government. Second, raising local property taxes is the least preferred revenue option. This latter finding is potentially disturbing because rural schools in Illinois, like so many other rural schools, are increasingly dependent on local taxes, in particular property taxes. Third, the adoption of fees for participation in extra curricular activities has broad support, probably because most residents can avoid paying for the activities.

Perhaps a more important finding is the difference in level of support (between retirees and non-retirees) for the various revenue enhancement options. Specifically, non-retirees have stronger opinions about federal and state support than retirees. Retirees tend to support raising state income taxes and sin-taxes more so than non-retirees. This latter finding is clear when one considers that most retirees have lower incomes than non-retirees and are drawing down accumulated wealth, not subject to income taxes. Also, retirees probably consume less tobacco and liquor products than non-retirees. However, there is little, if any, difference between retirees and non-retirees when considering local property taxes and extra curricular activity fees.

This latter finding, focusing directly on the property tax, is somewhat surprising given the available literature. Based on conventional wisdom we had expected retirees to have a much greater distaste for property taxes than non-retirees. This finding suggests that for rural Illinois, the property tax is equally disliked by most residents. Too much emphasis, however, should not be placed solely on this single result. Rather, policy discussions should be based on the complete set of results.

Recent trends towards increased reliance on property taxes and a general lack of support for increasing local property taxes in the future suggest that rural schools will be forced to reduce costs even more. While strong support for enhanced intergovernmental aid is evident, the financial position of the federal and most state governments makes this option impractical without tax increases. To gain insight into the level of support for cost reductions, respondents were asked to evaluate specific approaches (see Table 4).

Table 4
Views of Retirees and Non-Retirees on Local Education Policy

Strategies[a]	Non-Retirees		Retirees		*t* statistic
Revenue Enhancement	*M*	*SD*	*M*	*SD*	
Increase federal funding.	3.662	1.13	3.445	1.09	3.842*
Increase state funding.	3.911	1.00	3.692	0.98	4.363*
Raise local property taxes for education.	2.219	1.13	2.127	0.98	1.194
Raise state income tax for education.	3.209	1.33	3.459	1.13	2.766*
Raise taxes on cigarettes and liquor for education.	3.720	1.36	3.884	1.24	1.778**
Fees for participation in extra curricular activities.	3.260	1.26	3.218	1.14	0.708
Cost Reduction					
School costs should be cut by releasing teachers.	2.198	0.98	2.398	0.95	3.968*
School costs could be cut by not giving teachers pay raises.	2.260	1.04	2.543	1.10	5.282*
School costs could be reduced by not replacing teachers who leave.	2.208	0.95	2.500	1.00	5.895*
School costs should be cut by cutting programs	2.464	1.10	2.949	1.09	8.694*
School costs could be reduced by reducing the number of course offerings to students.	2.319	1.05	2.733	1.10	7.641*
Program Expansion					
Programs should be added to the curriculum.	3.760	0.97	3.446	0.99	4.581*
Teachers should receive larger pay increases.	3.391	1.18	3.337	1.09	0.661*
More teacher aids/assistants should be hired.	3.314	1.08	3.182	1.06	1.772**
Buildings and sites should be improved or renovated.	3.311	0.97	3.187	0.87	1.871**
Classroom budgets should be increased.	3.685	0.83	3.431	0.79	4.412*
More administrators should be assigned to the staff.	1.860	0.91	1.956	0.92	1.531

[a]Each item was coded on a scale of *1* (strongly disagree) to *5* (strongly agree).
*$p < .05$. **$p < .10$.

Generally, neither retirees nor non-retirees do not support cost reduction options. The most disliked is a reduction in number of teachers, while the least disliked is a reduction in educational programs. Perhaps the more important finding is the significant difference in level of dislike between retirees and non-retirees. For all options listed, non-retirees had a much stronger dislike than retirees. In short, while retirees tend not to favor cutting school funding, their level of conviction is much lower than non-retirees.

Respondents were also asked to evaluate a series of program expansion strategies. Generally, both retirees and non-retirees support program expansion, save for the addition of administrative personnel. Respondents favored addition of programs to the school curriculum and increases in classroom budgets. Comparisons of the level of support for these program expansion alternatives between retirees and non-retirees demonstrate the same pattern: Both groups generally agree, but retirees have less conviction than consistently found among non-retirees. Retirees and non-retirees tend to agree only on the size of teacher pay increases and the addition of administrative personnel.

An Expanded Model

The simplicity of the analysis just presented has advantages as well as disadvantages. One important disadvantage is that the analysis may be an over-simplication of a more complex pattern. To simply group respondents by retirement status overlooks several factors which may alter a particular survey respondent's reactions to each of the strategies presented. For example, studies of individual student performance have found that socioeconomic background is perhaps the single most important determinant of performance (Deller and Rudnicki, 1993; and Hanushek, 1986). This literature has concluded that attitudes toward education within the home are vital to academic success. It follows that these same socioeconomic characteristics play an important role in determining a person's individual position on the strategies presented here.

To account for some of the characteristics, a set of simple regression equations were specified and estimated. The equations vary in dependent variable, which is the response given to each of the 17 strategies identified. Each equation has five separate independent variables. The first is a dummy variable (yes/no) identifying retirees; for this analysis, this is the variable of interest. The other socioeconomic variables include income, education level, home ownership, and a dummy variable capturing whether or not the respondent has children living at home. Income, education, and whether children are at home are expected to have a positive influence on a respondent's willingness to support local education. Because the burden of education falls on property owners through local property taxes, we hypothesize that homeowners will be less likely to support public education.

The results of the regression analysis are presented in Table 5. While the overall performance of the regression equations appear mixed, several patterns are revealed in the data. By far, the single most important socioeconomic characteristic determining levels of support is the education of the respondent. Of the 17 equations reported, education is statistically significant in 14 (82.4%). As expected, those with higher levels of education tend to favor increased revenues for local education (in particular raising the state income tax), disagree with cost reduction strategies, and favor program expansion (in particular higher teacher pay increases). These results concur with the student performance literature.

Whether there are children present in the home of the respondent is second in terms of statistical frequency: eight of 17 equations (47%). Generally, those respondents with children at home have a higher level of support for enhancing revenues for education, though weakly in a statistical sense, than those with no children at home. But they have lower levels of support for increases in the state income tax for education. The respondents consistently have a lower level of support for cost reduction strategies. Other than a generally higher level of support for more programs, no real patterns are revealed for specific types or manners of program expansion.

Income level was generally less important, statistically significant in five of 17 equations (29.4%). Unfortunately, no real pattern is forthcoming with respect to income. Home-ownership appears to have little role as it is significant in only two equations (11.8%). Not surprisingly, homeowners tended to be less supportive of raising local property taxes.

The results on the variable of interest to this research, retirement, confirm the simpler analysis presented above. Generally, retirees tend to see less of a federal role in financing local education, but more of a state and local role. After accounting for these other socioeconomic factors, retirees seem to show greater support for increased local property taxes for local education. This result, in and of itself, contradicts the conventional wisdom that retirees are less likely to pay higher property taxes for local education. One explanation for this finding might be that retirees tend to own smaller homes, and hence, have lower property tax bills. A marginal increase for schools may be smaller than non-retirees who own larger homes, thus more easily absorbed.

Another pattern in these results is retirees' general support for offering fewer programs and course offerings. One plausible explanation could rest with the rapid increase in the number of non-core courses and programs that are now offered in must rural schools, programs that were not offered when retirees were in school. Retirees may view courses in health, sex education, and other specialty courses as unnecessary, hence driving the cost of education upward. While these results can not confirm this explanation, it is consistent with the literature.

Perhaps the most important finding is that retirement status of the respondent is influential in only six of 17 (35.3%) equations. After accounting for other socioeconomic characteristics, retire-

Table 5
Regression Analysis Controlling for Socioeconomic Characteristics

Strategies	Retired	Income	Education	Home Ownership	Children at Home	Constant	R^2
Revenue Enhancement							
Increase federal funding.	-.2078 (1.87)**	-.0253 (1.92)**	-.0248 (0.70)	-.1972 (1.57)	.0855 (2.49)*	4.0817 (24.19)*	.0272*
Increase state funding.	-.1258 (1.40)	.0107 (1.01)	.0895 (3.14)*	-.0875 (0.87)	.0465 (1.68)**	3.7700 (27.78)*	.0333
Raise local property taxes for education.	.2158 (1.97)*	.0396 (3.05)*	.1040 (2.98)*	-.2152 (1.74)**	.0549 (1.62)	1.6940 (10.18)*	.0375*
Raise state income tax for education.	.2578 (2.11)*	.0400 (2.75)*	.2953 (7.56)*	-.2441 (1.76)**	-.1021 (2.69)*	2.4356 (13.09)*	.1103*
Raise taxes on cigarettes and liquor for education.	.1980 (1.50)	.0184 (1.17)	.1754 (4.17)*	.0667 (0.45)	.0600 (1.47)	2.9061 (14.53)*	.0333*
Fees for participation in extra curricular activities.	.1669 (1.32)	.0184 (1.28)	-.0860 (2.15)*	.0637 (0.45)	.0251 (0.65)	3.1095 (16.31)*	.0083
Cost Reduction							
School costs should be cut by releasing teachers.	-.0046 (0.05)	.0024 (0.23)	-.2010 (6.94)*	.0060 (0.06)	-.0700 (2.49)*	2.7773 (20.14)*	.0724*
School costs could be cut by not giving teachers pay raises.	.0838 (0.88)	-.0354 (3.15)*	-.2050 (6.80)*	-.0809 (0.76)	-.0178 (0.61)	3.0579 (21.29)*	.1016*
School costs could be reduced by not replacing teachers who leave.	.1396 (1.53)	.0084 (0.77)	-.1659 (5.71)*	.0643 (0.62)	-.0633 (2.25)*	2.5610 (18.52)*	.0584*
School costs should be cut by cutting programs.	.2252 (2.14)*	.0037 (0.30)	-.1990 (5.93)*	.0692 (0.58)	-.0997 (3.06)*	3.0104 (18.84)*	.0779*
School costs could be reduced by reducing the number of course offerings to students.	.2967 (2.85)*	.0184 (1.49)	-.1451 (4.38)*	-.0308 (0.26)	-.0741 (2.31)*	2.6428 (16.75)*	.0503*
Program Expansion							
Programs should be added to the curriculum.	-.1023 (1.07)	.0165 (1.46)	.0993 (3.26)*	-.0787 (0.73)	.1068 (3.62)*	3.2618 (22.52)*	.0537**
Teachers should receive larger pay increases.	.1502 (1.35)	.0406 (3.08)*	.2971 (8.40)*	-.0393 (0.31)	.0457 (1.33)	2.1344 (12.67)*	.1229*
More teacher aids/assistants should be hired.	-.0849 (0.80)	-.0172 (1.36)	.1409 (4.15)*	-.0197 (0.16)	.0244 (0.74)	2.9601 (18.31)*	.0236*
Buildings and sites should be improved or renovated.	-.1172 (1.25)	.0099 (0.89)	.0317 (1.06)	-.0823 (0.78)	-.0085 (0.29)	3.2217 (22.62)*	.0078
Classroom budgets should be increased.	-.2609 (2.53)*	-.0108 (1.11)	.0745 (2.86)*	.0509 (0.55)	.0384 (1.52)	3.4549 (27.88)*	.0276*
More administrators should be assigned to the staff.	.1242 (1.46)	-.0072 (0.71)	.0026 (0.09)	.0068 (0.07)	-.0433 (1.65)**	1.8551 (14.39)*	.0127**

Note. Absolute value of the *t* statistic is reported in parentheses, regression coefficients are unstandardized, and $N = 818$ for each regression equation.
*$p < .05$ (two tailed). ** $p < .10$ (two tailed).

ment status does not seem to play a significant role in shaping opinion on local education policy. Indeed, this information, coupled with the information in Table 4, seems to suggest that retirees are just as supportive of local education as non-retirees, save for the expansion of non-core course offerings.

Actions of Retirees

An analysis to uncover the actions of retirees with respect to supporting local education initiatives must be an ex post aggregate analysis. To accomplish this task, we are limited to available data. For Illinois, we have access to four years of data (1988-1991) detailing the outcome of local education bond referenda, a total of 788 individual observations. Naturally, data on how retirees actually voted is not available. However, a suitable indirect analysis is a comparison of referendum success and relative size of the retirement population.

To determine if a large retirement population has a detrimental effect on bond referenda for local education we classify observations into two groups: successful and unsuccessful referenda. By examining statistically the likelihood of a referendum successfully passing for a given retirement population, inferences about conventional wisdom can be drawn. Using retirement population data from the 1990 Census, we compared the percent of the area's household population that is retired to success of the referendum.

Of the 788 referendums examined, 39.7% (313) passed. For the typical area in which a referendum passed, 23.9% of the area's households were defined as retired in the 1990 Census. For the typical area in which a referendum did not pass, 23.3% of the area's households were defined as retired. In essence, communities with a large retirement population were just as likely to pass a referendum as those with smaller retirement populations. Indeed, if the small difference were accepted as statistically significant, the data would predict stronger referendum support in communities with a larger relative share of retired households.

Conclusions and Policy Implications

Rural schools face two trends that directly affect rural educators' ability to provide quality educational opportunities. First, rural schools are increasingly dependent on own-source revenues, in particular property taxes. Despite strong support by rural resisdents to increase intergovernmental aid, the financial position of the federal and many state governments makes a reversal in this trend unlikely in the near future. Second, many rural communities are undergoing a fundamental change either by socioeconomic trends or because of active local policies. Specifically, a growing number of retirees are relocating to rural communities. The aging of America, coupled with the active economic development policy of attracting in-migration retirees and the out-migrating of young adults, will likely continue this trend.

While several researchers have suggested that the active policy of retirement attraction is a positive event for rural areas, others have raised a word of warning. Some studies show that retirees are more active in local policy discussions and decisions and naturally support their own agenda. The implications that this trend may have on rural education financing are significant. Additional revenues to expand programs or meet federal and state mandates will require increasing local property taxes. This will require the support of local residents. The level of support that retirees will lend to such initiatives has been called into question. Indeed, conventional wisdom suggests that retirees will tend to fight most, if not all, attempts to increase funding of local schools.

To gain additional insight into this potential problem area, a large sample of rural Illinois residents were asked to evaluate a set of school financing options. The analysis compared and contrasted the level of support that various school financing options would receive across retirees and non-retirees.

Several general observations can be drawn from the analysis. First, a much greater percent (51.2%) of retirees have the opinion that local schools are adequately funded. Approximately one in three (36.5%) non-retirees believe that schools are in this category. As the retirement population in rural areas increases, a growing proportion of the total rural population may support this position. This result supports conventional wisdom.

But if revenues need to be increased, both retirees and non-retirees agree that those funds should come from intergovernmental aid and not property taxes. Yet, contrary to conventional wisdom, the regression analysis indicates little difference across retirees and non-retirees in their dislike of higher property taxes. But the generally strong support for higher income taxes suggests

that this is not a case of wanting better services and having someone else pay for them. Further, neither retirees nor non-retirees favor reducing school expenditures but they tend to favor program expansion. Regression analyses which includes income, education, home ownership, and whether children live at home, indicate that there are only minimal differences across the two groups in their views of alternative educational policies. If budgets must be cut, retirees do tend, however, to favor cutting programs and course offerings. This may reflect a disapproval of the wide expansion in recent years of programs and classes. But retirees also favor higher state income taxes and local property taxes for local education. Again, this latter result is very much at odds with conventional wisdom.

Additional evidence is uncovered when one examines the influence of the relative size of an area's retirement population on the passage of local school bond referenda. The analysis presented here suggests that areas with a high percentage of retirees have just as high a likelihood to pass the referendum as those with a small retirement population.

The general hypothesis advanced by most researchers and educators is that retirees will tend not to support raising local taxes for local education and indeed may favor school expenditure reductions. The results presented here do not support this hypothesis in the dramatic fashion often advanced. Our results show that retirees favor strategies that support local education and disagree with expenditure reductions. However, retirees have a weaker conviction about reducing costs or expanding programs than non-retirees.

The aging of rural areas is not necessarily a detriment to the financing of rural schools. Rather, schools may come under increased scrutiny in terms of how funds are spent and programs designed. Indeed, increased accountability that retirees may demand may prove beneficial in the long term. Further, rural educators must better enlighten local residents about the quality of the local school system. Conventional wisdom may not be as true as we had thought. Perhaps a more important problem facing rural educators is the effect of increasing per student costs as student enrollment declines.

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