

Looking Anew at School District Mergers

In 2009, Beaver County school districts Center Area and Monaca merged to become Central Valley. It was the first voluntary merger in decades. At the time, state officials lauded the merger and Governor Rendell offered financial help for any other districts who wanted to follow suit—none did. Given the sluggish recovery from the recession and surging pension costs which have forced districts to tighten their belts, is it time to revisit the notion of consolidation?

The obvious reason to merge would be to realize cost reductions. Potential cost savings can be realized in several areas such as administrative expenses. A merged district should be able to eliminate duplicative administrative positions such as superintendents, some office personnel, accountants, record keepers, receptionists, etc. Counseling and other services personnel might also be cut where redundancies develop. With personnel cuts, office space requirements and attendant expenses could be lowered.

Other areas where savings could be realized would include athletics and extracurricular programs. In the merger of two districts, the two interscholastic sports programs would be combined into a single program, reducing the number of head and assistant coaches. Only one marching band would be required. If there are two music, two drama, or two art programs, for example, the merger could offer significant potential savings by combining the programs and possibly eliminating newly redundant staff.

But there would be non-cost related advantages to merging districts as well. A larger district—in terms of enrollment and the number of teachers—offers several advantages such as the potential to reorganize programs and teaching assignments to provide major opportunities to achieve management and educational efficiencies. With more instructional staff from which to choose, greater flexibility in assignments will offer principals and superintendents opportunities to make better fitting grade and subject assignments for teachers. The merged district can achieve economies of scale in the provision of certain functions such as the library, science courses or more offerings in foreign language. All of these have the potential to enrich and boost the quality of the academic experience.

Factors supporting the case for merger include declining enrollments in districts. Especially if these declines have been long term and are likely to continue in the future.

In such instances, the ability to sustain the variety and quality of academic programs diminishes and arts and extracurricular programs become continuously less economically viable. It is likely that, all other things equal, two small districts combining to create one district large enough to achieve more and higher quality educational offerings as well as opportunities or efficiencies due to scale of operation will be superior candidates for merging than two very large districts that already offer a wide range of high quality programs. Other factors that would favor a merger are: districts of similar size, comparable demographics and academic performance. Furthermore, close per student spending and the mix of taxes and rates would also bode well for a merger.

A larger, merged district with a larger and more diverse tax base should offer more stability as far as local school funding is concerned.

Political and labor considerations will figure prominently as potential obstacles to a merger. Problems could stem from trying to consolidate two different school boards even if the boards have an interest in merging. Likewise labor contracts for teachers and other employees will have to be reconciled not only for pay scales and benefits, but for work rules, grievance procedures, and employee rights. Not to mention long term commitments for pensions, health care, etc. Difficulties are also likely to arise when pay and benefit packages are substantially different between the districts.

As mentioned above both the Center Area and Monaca school districts worked through the impediments to merging to become the Central Valley School District. But did merging result in lower costs? The most recent data from the Pennsylvania Department of Education allows us to compare the expenditures from three years prior to the merger, to three years post-merger (the 2006-07 school year through the 2011-12 school year). Using the total expenditures for the individual districts before they merged shows they spent a combined \$28.8 million, \$29.8 million and \$30.2 million. The three years since the merger shows total expenditures have declined from \$29.7 million to \$29.4 million to just under \$29 million. Thus the trend shows that merging has resulted in savings on total expenditures.

One area where savings occurred was in fact administration. In the three years before the merger, the districts had combined expenditures of \$1.8 million, \$1.93 million, and \$1.95 million. In the three years post-merger those figures were roughly \$2.1 million, \$1.7 million and \$1.8 million. Areas where expenditures increased occurred in the areas of instruction, rising from \$15.2 million just before the merger to \$17 million three years post-merger, and transportation (up \$500,000) as schools were consolidated and students were bussed to their new schools.

The Center/Monaca merger provides evidence that there are savings to be realized, even if they are not overwhelming. As outlined above there are many reasons to merge, including expanded course offerings and economies of scale, as well as potential obstacles. It is too soon to say whether the trend in academic results has improved or shows signs of sustainable gains. That will certainly bear watching.

Still as the economy continues to languish in much of the state, difficult to control pension burdens continue to put pressure on taxpayers, the overall cost of education continues to rise and enrollments fall, perhaps it's time to revisit the idea of merging districts. Perhaps the Legislature might take a look and see if there are incentives it could create to get small districts that are struggling financially and suffering enrollment declines to at least consider a merger.

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