

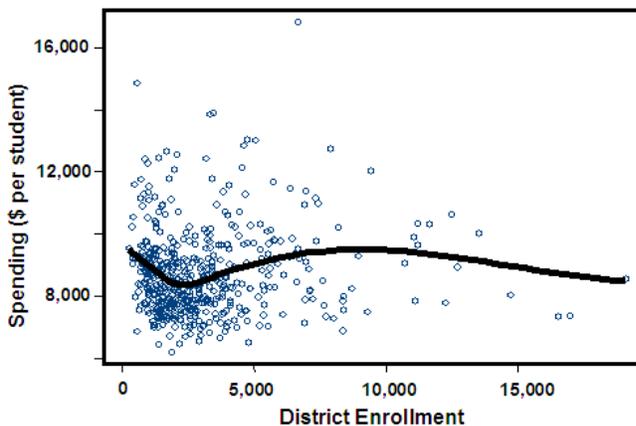
Report Highlights

Cost-Effectiveness of Consolidating Pennsylvania School Districts

Senate Resolution 2006-208 directed the LB&FC to study the cost-effectiveness of consolidating Pennsylvania school districts. The LB&FC contracted with Standard & Poor's to conduct this study. The report is in two volumes: Volume 1 provides a statewide analysis of issues involved in consolidating school districts and Volume 2 provides detail on 97 possible district consolidations across the Commonwealth.

➤ **School districts with enrollments of between 2,500 and 2,999 students tend to have the lowest per pupil costs.** Very small districts (fewer than 500 students) spend an average of \$9,674 per pupil in operating costs. Per pupil spending tends to decrease until it reaches an average of \$8,057 among districts with 2,500-2,999 students. As shown in the graph below, per student spending tends to go back up again as enrollments exceed 3,000 students.

Districts' Per-Pupil Operating Spending by Enrollment (2004)



➤ **97 pairs of districts were identified as potential candidates for consolidation.** S&P identified 88 small school districts with above-average costs that could be paired with a contiguous district, yielding 97 possible pairings with combined enrollments below 3,000 students. Some districts were included in more than one pair; 34 mutually exclusive pairs could save approximately \$81 million annually in operating costs if, after consolidating, they could lower their per-pupil cost to the average amount spent by similarly-sized districts across the state.

➤ **Even if cost savings could be assured, consolidations would be controversial.** S&P surveyed the superintendents of districts identified as potential consolidation candidates. Although 61% of those responding indicated a willingness to consider consolidating, many indicated that such an effort would face considerable opposition in their communities. Reasons include socio-economic and demographic differences between school districts, the

potential for longer bus routes for school children, loss of local control, loss of local identity, and recent investments in facility improvements that can create a disincentive to close those schools.

➤ **Many key factors in a consolidation decision can only be analyzed on a case-by-case basis.** Because districts vary so widely, it is not possible to establish firm statewide consolidation criteria. Key factors that need to be considered include:

- *Property taxes.* A consolidated district, even if it results in overall savings, may cause one of the merging district's taxes to rise.
- *Transportation.* The maximum time most communities are willing to let their students sit on a bus one-way is one hour, which presents a significant challenge for consolidation, particularly in rural districts.
- *Neighborhood schools.* Many parents are strongly attached to their local schools, particularly at the elementary level, making it very difficult to close these schools even if closing represents a good opportunity for cost savings.

➤ **Consolidation could yield academic enrichment opportunities.** 63% of responding small-district superintendents agreed that consolidation could provide academic enrichment opportunities for their students; 51% thought consolidation could offer additional extra-curricular opportunities.

➤ **Sharing services can yield savings without consolidating districts.** Many districts already share services with other districts and, in some cases, with local municipalities. The PA Dept. of General Services also has programs that give districts the ability to increase their purchasing power.

➤ **NCLB could be an obstacle to consolidation.** Federal No Child Left Behind legislation holds districts accountable for making Adequate Yearly Progress toward their proficiency goals. This could be a disincentive for a higher-performing district to merge with a lower-performing district.