

# School District Consolidation

*Since the early twentieth century, consolidation has decreased the number of schools and districts even as the school population has grown. Research suggests most of the possible benefits of consolidation have already been realized, and that policymakers should evaluate carefully claims of savings from additional consolidation.*

## Background

State policymakers seeking efficiencies in K-12 education often explore district consolidation as a means of decreasing education expenditures. Consolidation, also referred to as regionalization or reorganization, is the process of joining two or more schools or districts into a single entity. For decades researchers and policymakers have debated the benefits of consolidation.

Since the early twentieth century, consolidation has decreased the number of schools and districts even as the school population has grown. According to the National Center for Education Statistics, an estimated 271,000 schools in nearly 130,000 school districts served 23.6 million students in 1920. In the 2014-15 school year, about 98,200 schools in 13,600 school districts served 50.3 million students.

## What the Research Suggests

School and district consolidation are often considered as a school reform strategy when state revenues fall, although not all the expected benefits are financial. Common reasons for merging districts include:

- Increasing efficiency by benefitting from economies of scale.
- Promoting school financing equity.
- Increasing professional expertise and the professionalism of education.
- Saving money and improving services to students.

In a [2011 report issued by the National Education Policy Center](#), “Consolidation of Schools and Districts: What the Research Says and What It Means,” the authors note that arguments for school consolidation generally rest on two expected benefits: fiscal efficiency and higher educational quality. However, the authors conclude that the century of school consolidation experienced in American education has already produced most of the possible efficiencies.

While cost analyses do seem to validate predictions of increased fiscal efficiencies resulting from some consolidation, the effects are small and now involve only the smallest districts. Further, the available research comparing pre- and post-consolidation expenditures finds that district consolidation does not on average reduce educational expenditures. Indeed, other studies report increased costs as operation budgets are affected by diseconomies of scale resulting from increased expenditures for transportation, operation, management and supervision, security, and guidance.

This report also discusses the negative effects of consolidation that may not be considered in a financial analysis. Larger school size has consistently been found to be associated with reduced rates of student participation in co-curricular and extracurricular activities, more dangerous school environments, lower graduation rates, lower achievement levels for impoverished students, and larger achievement gaps related to poverty, race and gender. The influence of school and district consolidations on the vitality and well-being of communities is another negative impact this study discusses, using accounts from West Virginia.

The authors recommend that policymakers:

- Closely question claims about presumed benefits of consolidation in their state.
- Avoid statewide mandates for consolidation and steer clear of minimum sizes for schools and districts.
- Consider other measures to improve fiscal efficiency or educational services (cooperative purchasing, enhancing Educational Service Agencies, regulatory action to account for the needs of small districts, recruitment and retention efforts that focus on experienced teachers for low-wealth districts, learning options for advanced subjects in small rural schools, smaller class size for young students and effective professional development).
- Investigate deconsolidation as a means of improving fiscal efficiency and improving learning.

A [2005 paper from the Center for Policy Research](#) at Syracuse University, “Does School District Consolidation Cut Costs?”, examines the costs savings of consolidation involving rural districts in New York to provide a direct estimate of consolidation’s cost impacts. The authors find economies of size in operating and capital spending: doubling enrollment cuts total costs per pupil by 28 percent for a 300-pupil district and by 9 percent for a 1,500-pupil district. The report concludes that overall, there were clearly cost savings for the small rural districts studied, but also short run increases in capital costs. The authors of this paper also note that while economies of size may allow for specialization, purchasing power, and implementation of innovation, consolidation may also lead to transportation issues, lower student motivation or effort, and reduced parental involvement.

Research on district administrative patterns that might provide insight into the benefits of or negative impact of district consolidation is scarce and dated. The American Association of School Administrators used 2000 data from the U.S. Bureau of Labor Statistics (BLS) as reported to the National Center for Education Statistics (NCES) to argue that school administration is not overstaffed. According to this data, total central-office administrative and professional staff represent less than one percent of the total staff of public school districts. The ratio of employees to executives, administrators and/or managers is higher in elementary and secondary schools (12.8 to 1) than in any other business or industry in the BLS study. (The BLS survey has been changed since this information was collected, as has the NCES database, so this data can't be updated.)

## **Policy Choices in Consolidation**

Gradual declines in numbers of districts over time often have been a result of industrialization and urbanization, and the decline in rural economies and rural populations. But some of the decreases in the numbers of districts can be tied to specific reforms or legislation permitting or requiring consolidation. State may set limitations on the number of school districts allowed in a state, set a minimum number of students in each district, break up low performing districts, and regulate the process of consolidating schools and districts. Another strategy used by states including Maryland, New Jersey, and Virginia is to require that counties have only one district that covers the entire county.

In **Arkansas**, as one response to the 2002 *Lake View* school finance ruling by the Arkansas Supreme Court, the legislature passed Act 60, requiring districts with fewer than 350 K-12 students for two consecutive years to consolidate with or be annexed by another district. Between 2003 and 2006, 121 districts experienced consolidation or annexation, either as affected or receiving districts. Controversies over consolidation continue in Arkansas, and in 2015, the legislature enacted a bill allowing smaller school districts to apply for a waiver to avoid consolidation if they met academic, fiscal, and facility standards.

**Delaware** is another SREB state that has pursued previous consolidation efforts. For example, when the school code was rewritten in 1969, Delaware had 48 school districts. The new code called for 23 reorganized school districts and 3 vocational-technical districts. A DOE study in 2002 looked at the possibility of consolidating the 11 districts in Kent and Sussex counties. It found that consolidation would allow a more equalized tax base and that few teaching positions would be lost, due to the way the Delaware funds teachers. It also found that districts in Delaware already were larger in terms of student enrollment on average than other districts across the nation, and that this proposed consolidation would result in fewer superintendents but increased office staff. According to this study, equalizing salaries would cost more than \$8.5 million a year, versus the expected \$1.4 million reduction from eliminated positions

Mississippi has encouraged school district consolidation since the then-Governor Haley Barbor included a proposal to reduce the number of districts—from 152 to 100—in his FY 2011 budget proposal. He also created the Commission on Mississippi Education Structure to make recommendations on consolidation to improve both the quality of education and the efficiency with which it is delivered. By 2016, legislative action has reduced the number of districts by 8, and further consolidation will occur in 2018 and 2019.

State experiences and research on consolidation suggest some questions for state policymakers to consider:

- Does your state’s school formula compensate school districts for sparsity or small scale, discouraging consolidation?
- Is there assistance for consolidation?
- Is there a plan in place to review capital costs after consolidation?
- What impact would there be on salary costs if newly consolidated districts pay all teachers and administrators at the rate of the highest paying district?
- Does your state’s accountability system provide a disincentive for a high performing district to pursue consolidation with a low performing district?

### **Other Ways to Achieve Efficiency**

There are other ways besides district consolidation to achieve cost-effective administration. Having small districts share a superintendent or enter into cooperative arrangements to provide services jointly may be an alternative to consolidation or an intermediate step toward consolidation. SREB recently looked at [shared superintendents](#) and [shared services agreements](#) with a focus the experiences of SREB states.

The Rural School and Community Trust is a national non-profit organization that, while acknowledging the increased administrative costs of running small school districts, has concerns that consolidating districts makes decision-making more remote from each school, community, and student. The Trust’s [examination of alternatives to consolidation](#) includes topics included in the SREB papers above.

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