School District Mergers and Consolidation: What Board Members and Administrators Need to Know

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“SCHOOL DISTRICT MERGERS & CONSOLIDATIONS: WHAT BOARD MEMBERS & ADMINISTRATORS NEED TO KNOW”

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CENTRAL NEW YORK SCHOOL BOARDS ASSOCIATION
ITHACA HIGH SCHOOL - ITHACA, NEW YORK

“SES Study Team LLC; c/o 3487 Nelson Place East; Canastota, New York 13032
www.SES-StudyTeam.org
“Custom tools and research to aid a school district in defining a vision and decision options for serving students in the future.”
INTRODUCTION: Centralization vs. annexation; merger; reorganization; consolidation

- HISTORY OF REORGANIZATIONS IN NYS
- TRENDS/CHALLENGES AFFECTING SCHOOLS & COMMUNITIES
- WHY COMMUNITIES CONSIDER REORGANIZATION
- FACTORS THAT MAKE REORGANIZATION DIFFICULT TO ACHIEVE
- CONTENTS OF MERGER STUDIES:
  - CURRENT STATUS:
  - WHAT IT MIGHT LOOK LIKE:
  - OPPORTUNITIES AND CHALLENGES:
GETTING STARTED:

- Two Steps are required:
  - Feasibility Study & Public Referenda

- NYS study grant: Department of State
  [http://www.dos.ny.gov/lg/lge/grant.html](http://www.dos.ny.gov/lg/lge/grant.html)

- NYSED website: Guide to the Reorganization of School Districts in NYS
CONSIDERATIONS:

- POSSIBLE TIMELINES

- FINANCIAL INCENTIVES (2)
  - Reorganization Incentive Operating Aid; Reorganization Incentive Building Aid

- WHAT WE HAVE LEARNED THROUGH PERSONAL EXPERIENCE

- ARE MERGERS SUCCESSFUL?

- OTHER OPTIONS:
Over the Next Two Decades: What Happens When School Districts Merge, Reorganize, Consolidate?

_A Summary of the Data_

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MERGERS IN TRANSITION:

from
“TOO SMALL TO EXIST”
to
“TOO POOR TO EXIST”

from
“INCREASING OPPORTUNITY”
to
“SALVAGING OPPORTUNITY”

from
“STATEWIDE STRATEGY”
to
“WHAT’S THE STRATEGY?”
What does the research say about Mergers?

**POSITIVES**

- Curriculum opportunities for students enhanced
- Extra-curricular opportunities enhanced/diminished
- Provide a wider range of educational programs and opportunities for students
- Upgrade facilities and equipment to support program requirements
- Provide competitive salaries to attract the best teachers
- Provide specially equipped classrooms for specific subjects
- Individual property taxes stabilize
- Large amounts of incentive aid
- Creates educational and fiscal euphoria

**NEGATIVES**

- Some students have a longer bus ride
- Class sizes grow
- Tax rates on true value decline/increase...
- School district spending increases
- Student achievement does not necessarily change
- Effects are Short-Term
- Weaning off of the Merger Money difficult
- Provide competitive salaries to attract the best teachers and specially equipped classrooms for specific subjects
- Expectations for performance, educational opportunity, fiscal stability are unsustainably high
Findings, Conclusions and Implications

Mergers and Consolidations

• The amount of reorganization aid New York State provides to districts exceeds the amount required for educational purposes. Only so much money can be spent on educational programs and their related costs. The law of diminishing returns sets in.

• When compared to other schools in their BOCES region, it appears that the merged districts spent similar amounts for expenses related to educational programs.

• Additional reorganization aid appears to have been largely used to decrease taxes and build reserves.
Mergers and Consolidations

• Taxes are reduced substantially (depends). They remain at a very low level for at least a decade.
• During the first five years of merger educational initiatives were launched, facilities were built or extensively renovated, and taxes were greatly reduced and then kept very low.
• During the next five years educational programs generally remained constant and districts used reserves to maintain relatively low tax rates.
• However, by the middle of the second decade of merger, tax increases brought the reorganized districts closer to comparable non-merged districts.
Mergers and Consolidations

• The merged districts exhausted reserves trying to minimize tax increases, while various attempts at efficiency and cost cutting began to diminish educational advances made earlier in the merger process.

• Once the reorganization aid was spent the district could not get it back for future use. No amount of large fancy facilities, great big bus garages, improved employment contracts or past low tax rates means anything when the money is gone. Past excesses only complicate the future.
Mergers and Consolidations

• If a long term financial plan is to be developed, the ability of a sitting board of education to bind future boards to maintain a specific financial plan is questionable.

• The amount that these plans could or should be reexamined, updated and implemented also depend on a number of factors such as enrollment trends, changing demographic characteristics of the community, and staffing needs based on specific characteristics of students.
Mergers & Consolidations 15+ Years Post Merger

• Residents of their communities at the time of the merger have not understood the complicated long term finance structure of their school districts.

• The merger history has become open to interpretation.

• Newer residents of the district arrived when taxes were very low and have no knowledge of the merger nor any understanding of the district's finances. They do not understand why taxes should change so drastically.
Mergers and Consolidations

• Educational accouterments diminish once the loss of reorganization aid drains district reserves. As responsibility for funding educational programs shifts to local taxpayers, boards and administrators look for ways of streamlining their school systems.

• The effort to keep taxes low takes precedence over maintaining low class sizes, a multitude of advanced and diversified offerings, staff development opportunities for teachers, regular replacement of educational and transportation equipment, and upgrading and maintaining facilities.
Mergers and Consolidations

• In such cases, the district leadership may appear more selective about educational programs, as if they are trying to get "the best bang for the buck". Instead, they shift toward a mediocre educational system because residents will not provide the district enough money to operate the system that contained perceived "increased educational opportunities" unless the state continues to pay for it.
Mergers and Consolidations

As Reorganization Aid ends the following scenarios often appear:

• Residents become hostile when tax rates increase after years of being held down artificially. Parents and students resent the decline of educational opportunity and increased class size after years of elective courses, field trips and low class sizes.

• Board of education members and administrators are blamed and chastised for what is characterized by residents, and others with vested interests, as mismanagement.
Mergers and Consolidations

- With the availability of reorganization incentive aid and building aid, there is no incentive to economize, create efficiencies, or to scrutinize expenditure patterns.
- The communities that chose to reorganize were not greedy, they simply availed themselves of opportunities to provide educational facilities that other communities have dismissed as undesirable or unnecessary.
  - Undesirables include - There are still only 11 players on a football field at a time, fewer students can walk to school, loss of neighborhood schools or community identity.
- Educational and facility improvements were easy when the residents of reorganized districts were spending state money rather than their own.
Why do mergers fail? The “Political” Process is difficult. 
(The kids seem to merge better than the adults…)

- Reality v. Perception - educational, fiscal, demographic, political, etc.
- Perception that the communities are incompatible and that one may benefit more than the other
- Local Pride
- Local Control
- Sense of Loss (Stages of Grief) A fear of losing local identity
- Unwillingness to Change-Natural tendency to resist change
- Higher costs and potential increase in property tax
- More time required for transportation
- Job security for school district employees
- Xenophobia
Not the long-term solution

Merger simply buys time

- Tax cap irrelevant
- Mandate relief (pension reform, health insurance, special education, Triborough reform)
- Regional bargaining and programming
- Rethink the Master Plan
  - Only works for certain districts (geography, tax rates, culture)
  - NY can’t afford widespread mergers
Regional Approaches to School Reorganization: Mergers, Regional High Schools and Functional Consolidation
WHAT WE NEED:
“...a full debate and investigation of the range of governance reform options available.”
-UB Regional Institute
4 RECENT GLIMPSES:


A REGIONAL RESTRUCTURING PROCESS

- Regional Consolidation, Reorganization, and Shared Services Feasibility Study
  - Sponsored by: New York State Rural Schools Association & Organizational Leadership Services, LLC
  - October 1, 2011
  - Dr. Dennis Stoumen, Deputy Director
  - Rural Schools Association
  - 113 Kennedy Blvd
  - Cornell University
  - Ithaca, NY 14850

- Regional High School Feasibility Study
  - Castallo and Silky Education Consultants
  - Philip Martin and Alan Pole, Associates
  - July 2010
  - Cypress-Savannah, Gananda, Locke, Martin, Narrowsburg, New York
  - Poughkeepsie-Middletown, Red Creek, South, Wayne, Williamson
  - Wayne County, New York

- Reorganization Feasibility Study
  - On Behalf of the Frankfort-Schuyler, Herkimer, Ilion, and Mohawk Central School Districts
  - October 2011
  - May, 2012

- School Limits: Probing the Boundaries of Public Education
  - Western New York has fewer school districts today than it did a century ago, thanks to an intense 30-year wave of consolidation. For small districts, consolidation offers the possibility of major efficiencies. A challenge for all districts, and the region, lies in knowing when to centralize, when to localize and when to cooperate. As the Digital Age changes education and the meaning of location, networked governance may be the wave of the future.