JOINT STATE GOVERNMENT COMMISSION

General Assembly of the Commonwealth of Pennsylvania

SCHOOL DISTRICTS IN PENNSYLVANIA: WAYS TO WORK TOGETHER

2015 House Resolution 910
Staff Study

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REPORT

School Districts in Pennsylvania: Ways to Work Together

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The Joint State Government Commission was created in 1937 as the primary and central non-partisan, bicameral research and policy development agency for the General Assembly of Pennsylvania.[1]

A fourteen-member Executive Committee comprised of the leadership of both the House of Representatives and the Senate oversees the Commission. The seven Executive Committee members from the House of Representatives are the Speaker, the Majority and Minority Leaders, the Majority and Minority Whips, and the Majority and Minority Caucus Chairs. The seven Executive Committee members from the Senate are the President Pro Tempore, the Majority and Minority Leaders, the Majority and Minority Whips, and the Majority and Minority Caucus Chairs. By statute, the Executive Committee selects a chairman of the Commission from among the members of the General Assembly. Historically, the Executive Committee has also selected a Vice-Chair or Treasurer, or both, for the Commission.

The studies conducted by the Commission are authorized by statute or by a simple or joint resolution. In general, the Commission has the power to conduct investigations, study issues, and gather information as directed by the General Assembly. The Commission provides in-depth research on a variety of topics, crafts recommendations to improve public policy and statutory law, and works closely with legislators and their staff.

A Commission study may involve the appointment of a legislative task force, composed of a specified number of legislators from the House of Representatives or the Senate, or both, as set forth in the enabling statute or resolution. In addition to following the progress of a particular study, the principal role of a task force is to determine whether to authorize the publication of any report resulting from the study and the introduction of any proposed legislation contained in the report. However, task force authorization does not necessarily reflect endorsement of all the findings and recommendations contained in a report.

Some studies involve an appointed advisory committee of professionals or interested parties from across the Commonwealth with expertise in a particular topic; others are managed exclusively by Commission staff with the informal involvement of representatives of those entities that can provide insight and information regarding the particular topic. When a study involves an advisory committee, the Commission seeks consensus among the members.[2] Although an advisory committee member may represent a particular department, agency, association, or group, such representation does not necessarily reflect the endorsement of the department, agency, association, or group of all the findings and recommendations contained in a study report.

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[1] Act of July 1, 1937 (P.L.2460, No.459); 46 P.S. §§ 65 – 69.

[2] Consensus does not necessarily reflect unanimity among the advisory committee members on each individual policy or legislative recommendation. At a minimum, it reflects the views of a substantial majority of the advisory committee, gained after lengthy review and discussion.

Over the years, nearly one thousand individuals from across the Commonwealth have served as members of the Commission's numerous advisory committees or have assisted the Commission with its studies. Members of advisory committees bring a wide range of knowledge and experience to deliberations involving a particular study. Individuals from countless backgrounds have contributed to the work of the Commission, such as attorneys, judges, professors and other educators, state and local officials, physicians and other health care professionals, business and community leaders, service providers, administrators and other professionals, law enforcement personnel, and concerned citizens. In addition, members of advisory committees donate their time to serve the public good; they are not compensated for their service as members. Consequently, the Commonwealth of Pennsylvania receives the financial benefit of such volunteerism, along with their shared expertise in developing statutory language and public policy recommendations to improve the law in Pennsylvania.

The Commission periodically reports its findings and recommendations, along with any proposed legislation, to the General Assembly. Certain studies have specific timelines for the publication of a report, as in the case of a discrete or timely topic; other studies, given their complex or considerable nature, are ongoing and involve the publication of periodic reports. Completion of a study, or a particular aspect of an ongoing study, generally results in the publication of a report setting forth background material, policy recommendations, and proposed legislation. However, the release of a report by the Commission does not necessarily reflect the endorsement by the members of the Executive Committee, or the Chair or Vice-Chair of the Commission, of all the findings, recommendations, or conclusions contained in the report. A report containing proposed legislation may also contain official comments, which may be used in determining the intent of the General Assembly.[3]

Since its inception, the Commission has published more than 350 reports on a sweeping range of topics, including administrative law and procedure; agriculture; athletics and sports; banks and banking; commerce and trade; the commercial code; crimes and offenses; decedents, estates, and fiduciaries; detectives and private police; domestic relations; education; elections; eminent domain; environmental resources; escheats; fish; forests, waters, and state parks; game; health and safety; historical sites and museums; insolvency and assignments; insurance; the judiciary and judicial procedure; labor; law and justice; the legislature; liquor; mechanics' liens; mental health; military affairs; mines and mining; municipalities; prisons and parole; procurement; state-licensed professions and occupations; public utilities; public welfare; real and personal property; state government; taxation and fiscal affairs; transportation; vehicles; and workers' compensation.

Following the completion of a report, subsequent action on the part of the Commission may be required, and, as necessary, the Commission will draft legislation and statutory amendments, update research, track legislation through the legislative process, attend hearings, and answer questions from legislators, legislative staff, interest groups, and constituents.

[3] 1 Pa.C.S. § 1939 ("The comments or report of the commission . . . which drafted a statute may be consulted in the construction or application of the original provisions of the statute if such comments or report were published or otherwise generally available prior to the consideration of the statute by the General Assembly").

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July 31, 2017

To the Members of the General Assembly of Pennsylvania:

The Joint State Government Commission is pleased to release the report, ***School Districts in Pennsylvania: Ways to Work Together***, as directed by 2015 House Resolution 910. In addition to the research performed by the Joint State Government Commission staff, the report includes data analyses conducted by the Independent Fiscal Office for several hypothetical reorganization scenarios.

This comprehensive study of school district consolidations includes academic performance data and financial data, and addresses the many tangible and intangible district and community characteristics that compose each school district's environment.

The report does not make recommendations about specific school districts. Rather, the information contained is intended to inform the legislature should it choose to consider the matter of district consolidations.

The report is available on our website, at http:/jsg.legis.state.pa.us.

Respectfully submitted,

Glenn J. Pasewicz
Executive Director

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INTRODUCTION

House Resolution No. 910 of 2015 directed the Joint State Government Commission to conduct a statewide study on reducing the number of school districts in the Commonwealth. The Joint State Government Commission, with assistance from the Independent Fiscal Office, was tasked with evaluating the cost savings that may materialize as a result of statewide school district consolidation, making recommendations regarding possible incentives for consolidation, and assessing not only the financial impact of school district consolidation but also the impact it would have on academic achievement.

Process and Methodology

While working on the report, the Joint State Government Commission (JSGC) staff conducted a series of meetings with experts and stakeholders in order to obtain a variety of perspectives on the issue. In the summer and fall of 2016, the JSGC staff met with the General Assembly staff members who have many years of expertise in the area of education and education policy, the Pennsylvania Department of Education officials (PDE), representatives of the Pennsylvania Economy League (PEL), the Pennsylvania Association of School Business Officials (PASBO), the Pennsylvania Association of Intermediate Units (PAIU), managers responsible for student transportation in various parts of the Commonwealth, school district superintendents and business managers, and others. The Joint State Government Commission also received correspondence from interested citizens and agencies and considered the information and expressed opinions in its deliberations. The Joint State Government Commission extends its gratitude to the individuals who shared their expertise and their views on the issue and thus, contributed to the report.

Whenever possible, academic data for selected districts was collected from the Required Federal Reporting Measures (RFRM). This report is mandated by the federal Elementary and Secondary Education Act and No Child Left Behind.[4] RFRM combines student results from PSSA, Keystone, and PASA to form a comprehensive report on a school's academic performance. In the few cases that RFRM data was not available for a district, JSGC staff created a comparable figure by combining PSSA & Keystone data reported by PDE. Discrepancies may exist between PDE reported figures and RFRM data used in this report.

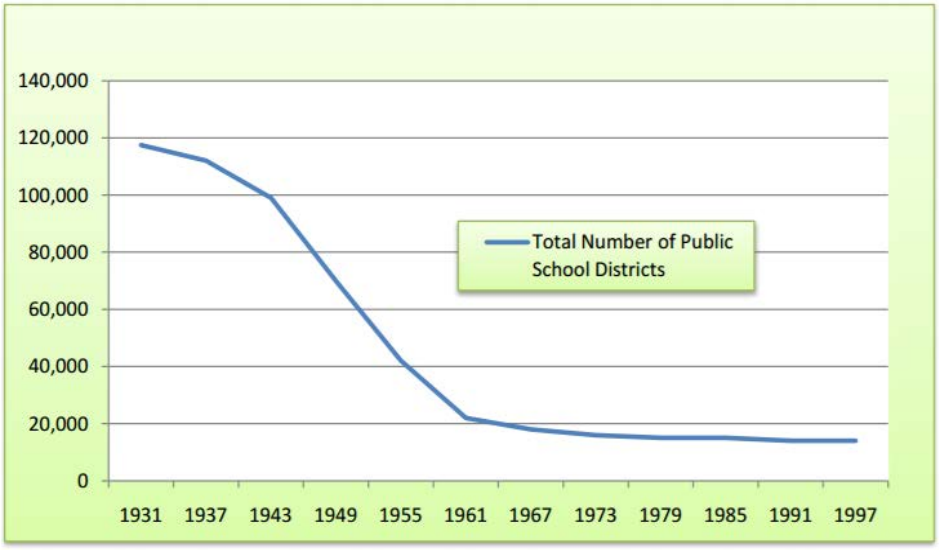
[4] Pennsylvania Department of Education. "Required Federal Reporting Measure (RFRM)," available at http://www.education.pa.gov/K-12/Assessment%20and%20Accountability/Pages/Required-Federal-Reporting-Measures.aspx#tab-1 (accessed June 8, 2017).

House Resolution No. 910 directed the Independent Fiscal Office (IFO) to assist the Joint State Government Commission in analyzing the fiscal aspect of school district reorganization. IFO examined revenue and funding issues that would be involved in several hypothetical school district reorganization scenarios. The methodology IFO utilized in its analysis of the financial implications of district reconfigurations is described in the section of the report devoted to four specific case studies. The material submitted by IFO can also be viewed in its entirety in Appendix E of this report.

SCHOOL DISTRICT CONSOLIDATION IN THE UNITED STATES: THEORETICAL FOUNDATIONS AND HISTORICAL EXPERIENCES

The United States has a decentralized system of education, and consequently, schools and school districts vary significantly in size and configuration. Hawaii operates one school district for the entire state while many states, even small ones like New Jersey, maintain hundreds of districts. As a result of the systemic transformation of schooling in the United States, especially after the Second World War, the number of school districts decreased dramatically between 1931 and 1961 and then remained comparatively stable for the following thirty years.

Total Number of Public School Districts, 1931-1997



Source: Howley, C., Johnson, J., and J. Petrie. *Consolidation of Schools and Districts: What the Research Says and What It Means.* Boulder, CO: National Education Policy Center, 2011, available at http://nepc.colorado.edu/files/PB-Consol-Howley-Johnson-Petrie.pdf

Even though the number of school districts nationwide has not experienced significant changes in recent decades, possibilities of reorganization are recurrently considered by legislators, state and local officials, and education experts – often from different perspectives. At times, consolidation efforts are necessitated by compelling economic and demographic changes in the community. Other times, they are spurred by new economic theories and the hope these can be as successfully applied to public education as to corporate business.

To start with the terminology, the words "consolidation" and "merger" are often used interchangeably in the reorganization debate. A common definition often reads: "School district consolidation is the process of combining or merging multiple school districts to form a single school district."[5] Distinctions, however, can be made. According to Act 90 of 1994, amending Title 53 of the Pennsylvania Consolidated Statutes that provides procedures for the consolidation or merger of municipalities, "consolidation" means "the combination of two or more municipalities which results in the termination of the existence of each of the municipalities to be consolidated and the creation of a new municipality which assumes jurisdiction over all of the municipalities which have been terminated" while "merger" means "the combination of two or more municipalities which results in the termination of the existence of all but one of the municipalities to be merged with the surviving municipality absorbing and assuming jurisdiction over the municipalities which have been terminated."[6] The rules and procedures described in the act refer to entities resulting from both processes; in fact, "consolidated or merged municipality" is presented as one definition used to describe "a municipal entity resulting from successful consolidation or merger proceedings" under the relevant subchapter.[7] As school districts are also Pennsylvania governmental entities, the terms "consolidation" and "merger" can be applied to them as they are defined in Pennsylvania municipal law. In practical terms, however, the difference is not significant, and in existing research the strict distinction between the two terms is rarely made.

Another distinction that appears to be more meaningful in the abstract than it turns out to be in practical proceedings is the difference between district consolidation and school consolidation. While the entities consolidated or merged are clearly different in these proceedings, in reality, these two reorganizational steps commonly go hand-in-hand: even when at the outset of district consolidation negotiations, one district community may be promised that no schools will be eliminated, more often than not school closure follows soon, as it is, in fact, the most reliable way to create savings.

A good example of school closings following district reorganization is presented by the recent changes in Arkansas' public education system. Under the authority of Act 60 and the Omnibus Education Act, a total of 108 school districts were reorganized in Arkansas. Under the Public Education Reorganization Act (§ 6-13-1601 et seq.), "any school district with an enrollment of fewer than 350 students was forced to either (1) consolidate with one or more other district(s) to create a new district that would meet the minimum size requirements, or (2) be annexed into an existing district meeting those requirements."[8] While Act 60 was debated, reorganization promoters insisted that district consolidation did not equal school consolidation and that the forced reorganization was not aimed at closing schools. Moreover, the reorganized districts that resulted from those consolidations or annexations were expressly prohibited from closing a school for at

[5] Rooney, Kathryn and John Augenblick. *An Exploration of District Consolidation*. Denver, CO: Augenblick, Palaich and Associates, Inc. May 2009, available at http://apaconsulting.net/~apa/wp-content/uploads/2014/06/16-co-district-consolidation.pdf (accessed July 20, 2016).

[6] Act of November 16, 1994 (P.L.596, No.90) adding Chapter 7 (relating to alteration of territory or corporate entity and dissolution) to Title 53 Pa.C.S. § 732.

[7] Ibid.

[8] Johnson, Jerry. *An Investigation of School Closures Resulting from Forced District Reorganization in Arkansas.* Rural School and Community Trust, May 2006, available at http://www.ruraledu.org/user_uploads/file/docs/an_investigation_of_school.pdf (accessed May 24, 2017).

least a year. Once that first year had passed, however, school closures followed rapidly. A review performed in 2006 showed that "of the 267 schools operating in 2003-04 among the districts that formed reorganized districts, 47 (18%) were either already closed or were designated by the district board and approved by the state board of education to be closed at the end of the 2005-06 school year."[9] The impact was the most significant in annexed districts. Thus, as those concerned about school loss pointed out, "school district reorganization through annexation has been but a prelude to closing schools, a shoehorn that eases into place the heavy foot of school closure. Where district reorganization results in the dilution of the political representation, <...> school closures are almost certain to follow."[10] This is a common occurrence that should be acknowledged when plans for district consolidation are put forward. A comprehensive, nation-wide, long-term study that looked at such life-changing outcomes as returns to education, completed years of schooling, and wage earnings found that "although larger districts were associated with modestly higher returns to education and increased educational attainment in most specifications, any gains from the consolidation of districts were far outweighed by the harmful effects of larger schools."[11] This factor needs to be taken into account.

Advantages and Challenges of School District Consolidation

The two key arguments in favor of school district consolidation are based on the potential to save money and to improve student education/achievement. Both of these claims have found support as well as opposition and, consequently, deserve close consideration.

The preeminent argument in favor of school district consolidation is the potential to save money and, thus, to ease the burden on property taxpayers. Consolidation is expected to result in reduced expenses due to the diminished administrative costs (one superintendent instead of two, et cetera), more favorable student/personnel and student/classroom ratios (more students taught by one teacher in one space), and the economies of scale (districts will pay less for utilities, services, and supplies because they will be buying larger quantities). Detractors, however, counter-argue that consolidations do not necessarily produce the promised savings. While the top administrative positions may indeed be cut, the number of mid-level administrators, on the contrary, usually needs to be increased to provide adequate levels of supervision. A financially efficacious student/teacher ratio, i.e., bigger classes, may at the same time mean less individual attention to each student and a more stressful and less academically propitious environment. Some newly formed districts may need to build new facilities to accommodate the larger student body and may need to close some of these facilities later, when school-age population declines. Larger transportation costs may offset potential savings of consolidation. Instead of tax reductions, school district consolidation may in some cases lead to tax increases, at least for some merging municipalities.

[9] Ibid.
[10] Ibid.
[11] Berry, Christopher R. and Martin R. West. "Growing Pains: The School Consolidation Movement and Student Outcomes." *The Journal of Law, Economics, and Organization*. 2010. Vol. 26. No. 1. doi: https://doi.org/10.1093/jleo/ewn015.

Nationwide, research reflects both potential advantages and perceived risks of school district consolidation, often accentuating one or the other dependent on the political agenda and the issues of most urgency for a particular state. Illinois, for example, has the fifth-largest number of school districts in the nation. It has 859 local school districts, which consume nearly two-thirds of local property taxes each year; nearly 25 percent of these districts "serve just one school, and over one-third of all school districts have fewer than 600 students."[12] Policy analysts and the regular public characterize "administrative bloat" as a "serious problem in Illinois' K-12 education," pointing out that "from 1992 to 2009, the number of school district administrators has increased by 36 percent, far outpacing student population growth, which has only grown by 14 percent."[13] Administrative costs appear to be vastly excessive. The Illinois Policy Institute's report estimates that "by cutting the number of school districts in half, Illinois could experience district operating savings of nearly $130 million to $170 million annually and could conservatively save the state $3 billion to $4 billion in pension costs over the next 30 years."[14] The report recommends focusing on "reining the duplicate costs of district administration only – not on equalizing salary contracts or funding new facilities."[15] It acknowledges the strong will for local control over education and re-asserts that "the decision to consolidate schools should remain in the hands of local taxpayers"; at the same time, it states, "But these same local taxpayers shouldn't be on the hook for multiple layers of government – in the form of school districts – that duplicate services, waste tax dollars, increase government debt, and decrease transparency."[16] It would be advantageous for legislators in other states, including Pennsylvania, to take into account both sides of the equation.

While school district consolidation is often associated with anticipated cost savings and tax reductions, it is a very complex process, involving multiple contributing factors, like changes in state funding, additional expenses necessitated by salary equalization, and capital costs. A California study cautions that, in addition to losing funding, which may be the case for some Pennsylvania districts that choose to merge as well, "consolidating can lead to higher costs for districts, both in the short term (such as the administrative costs of the consolidation process) and longer term (such as the pressure to increase staff compensation to match that of the most generous consolidating district."[17]

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[12] Dabrowski, Ted and John Klingner. *Too Many Districts: Illinois School District Consolidation Provides Path to Increased Efficiency, Lower Taxpayer Burdens. Special Report*. Chicago, IL; Springfield, IL: Illinois Policy Institute, Spring 2016, available at https://files.illinoispolicy.org/wp-content/uploads/2016/04/School-District-Consolidation-and-Executive-summary.pdf (accessed January 18, 2017).

[13] Bakala, Brendan. *Instead of Tax Hikes, Consolidate School Districts*, available at https://www.illinoipolicy.org/instead-of-tax-hikes-try-consolidating-school-districts/ (accessed January 27, 2017).

[14] Dabrowski, Ted and John Klingner. *Too Many Districts: Illinois School District Consolidation Provides Path to Increased Efficiency, Lower Taxpayer Burdens. Special Report*. Chicago, IL; Springfield, IL: Illinois Policy Institute, Spring 2016, available at https://files.illinois policy.org/wp-content/uploads/2016/04/School-District-Consolidation-and-Executive-summary.pdf (accessed January 18, 2017).

[15] Ibid.

[16] Ibid.

[17] Taylor, Mac. *How Small Is Too Small? An Analysis of School District Consolidation.* Sacramento, CA: Legislative Analyst's Office, May 2011, available at http://www.lao.ca.gov/reports/2011/edu/district_consolidation/district_consolidation_050211.pdf (accessed July 22, 2016.

There is a general consensus among analysts that consolidations and mergers require substantial front-end costs, the most prominent among them being "leveling up," which means putting salaries of the lower-paid district's employees on par with higher-paid district's employees. "Leveling up" may lead to increasing payroll costs even if professional staff declines as a result of the merger. Other front-end costs associated with a school districts merger include

- Student-related actions, such as additional textbooks and curriculum materials, if the districts are not using the same books or curriculum.
- Connecting classroom computers between districts and providing for additional software for consistency.
- Revising transportation schedules or rebidding contracts for transportation.
- Cost of labor counsel to renegotiate a consolidated collective bargaining agreement.
- Legal review of existing service contracts, along with making any necessary corrections, amendments or terminations.
- Changes to district signs and letterhead to reflect the new name and logo.
- Additional/new band and athletic uniforms.[18]

Notably, PSBA points out that "the studies that are available regarding a proposed merger typically reflect potential savings, yet there is an obvious absence of documented follow-up financial analysis to determine if the alleged savings actually materialized."[19] If consolidation is sought as a means of saving money, such follow-up studies are clearly of the essence.

Some of the few existing studies of consolidation's cost impacts confirm economies of size in operating spending. For example, an analysis of data from rural districts in New York finds that "all else equal, doubling enrollment cuts operating costs per pupil by 61.7 percent for a 300-pupil district and by 49.6 percent for a 1,500-pupil district."[20] Consolidation, however, involves significant adjustment costs, and "these adjustment costs, which are particularly large for capital spending, lower net cost savings to 31.5 percent and 14.4 percent for a 300-pupil and a 1,500-pupil district, respectively."[21] Based on their findings, the authors conclude that "overall, consolidation makes fiscal sense, particularly for very small districts, but states should avoid subsidizing unwarranted capital projects."[22]

[18] Pennsylvania School Board Association (PSBA). *Merger/Consolidation of School Districts: Does it save money and improve student achievement?* April 2009, available at http://mrea-mt.org/wp-content/uploads/2016/04/PA-psba-merger-consolidation.pdf (accessed May 4, 2017).
[19] Ibid.
[20] Duncombe, William and John Yinger. "Does School District Consolidation Cut Costs?" *Education Finance and Policy*. Fall 2007. Vol. 2. No. 4. doi: 10.1162/edfp.2007.2.4.341 (accessed August 18, 2016).
[21] Ibid.
[22] Ibid.

In their evaluation of the cost impacts of consolidation in rural school districts in New York, William Duncombe and John Yinger found evidence that school district consolidation substantially lowers operating costs, particularly when small districts are combined:

> The operating cost savings ranges from 22 percent for two 300-pupil districts to 8 percent for two 1,500-pupil districts. In contrast, consolidation lowers capital costs only for relatively small districts, and capital costs increase substantially when two 1,500-pupil districts come together. Overall, consolidation is likely to lower the costs of two 300-pupil districts by over 20 percent, to lower the costs of two 900-pupil districts by 7 to 9 percent, and to have little, if any, impact on the costs of two 1,500-pupil districts.[23]

The authors observe that "the cost savings from consolidation appear to be driven almost entirely by economies of size."[24] Their results led Duncombe and Yinger to the conclusion that "state aid to cover the adjustment costs of consolidation appears to be warranted, but only in relatively small districts."[25] They also suggest that their work needs to be replicated in other states and that "future studies need to consider the impact of consolidation on students' commuting times and on measures of student performance other than test-scores and dropout rates."[26]

In another article, Duncombe and Yinger, who are recognized around the country as leading experts on school finances, reassert the existence of economies of size in operating spending, with large savings in the categories of instruction and administration, but they are careful to point out that consolidation involves transition costs not associated with enrollment: "Both overall operating expenses and operating spending subcategories exhibit a large upward shift in per pupil costs at the time of consolidation, followed by a gradual decline in per pupil costs in the following years. These extra costs appear to disappear after about 10 years."[27] They also note that their study found "large adjustment costs in capital spending, which appear to phase out even more slowly."[28] These adjustment costs offset the cost savings associated with consolidation-induced enrollment increases to some degree.[29] Duncombe and Yinger's firm conclusion is that without the state-aid effect, "the net benefits of consolidation are positive only for the smallest districts. In fact, strong evidence for positive net benefits from consolidation, and hence for state intervention, only exists for districts with enrollments below about 1,000 pupils."[30] The authors remind state policymakers that "because consolidation involves small school districts, it cannot generate large

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[23] Duncombe, William and John Yinger. *Does School District Consolidation Cut Costs?* Syracuse, NY: Center for Policy Research. Paper 122. 2001, available at http://surface.syr.edu/cgi/viewcontent.cgi?article=1121&context=cpr (accessed July 20, 2016).
[24] Ibid.
[25] Ibid.
[26] Ibid.
[27] Duncombe, William and John Yinger. *School District Consolidation: The Benefits and Costs.* American Association of School Administrators (AASA), available at http://www.aasa.org/SchoolAdministratorArticle.aspx?id=13218 (accessed June 28, 2017).
[28] Ibid.
[29] Ibid.
[30] Ibid.

cost savings at the state level, but under some circumstances, it can result in large cost savings for individual districts or enhance the fairness of a state's education finance system."[31]

A thorough report by the Joint Legislative Audit and Review Committee (JLARC) of the State of Washington analyzed the relationship between school district costs and their enrollment size. Its findings indicated that "the highest expenditures per FTE (full-time equivalent) pupil are found in small school districts."[32] The researchers found that all of the districts with high (defined by the Washington cost study as exceeding the statewide average by more than 25 percent) expenditures per pupil enrolled fewer than 1,000 students. At the same time, it was noted that not all small school districts had high expenditures per pupil; in fact, quite a few of those reported per pupil expenditures that were within 25 percent of the statewide average."[33] An important observation the analysts made was that "districts with the highest expenditures per pupil represent a small portion of all school districts expenditures" – just 2.5 percent of school district expenditures in Washington in that particular academic year.[34] The implications of this conclusion are that policymakers should realize that even if consolidations of several small, high-spending districts were performed, the impact on the state education expenses would be minimal. Though the JLARC study centers on financial benefits associated with school and school district size, such as cost savings and efficiency, it acknowledges the importance of examining outcomes and results that include "academic quality and performance, cost effectiveness, and community involvement."[35]

The size of the merging districts appears to determine the level of savings that can be expected. An Illinois study of the anticipated economies of scale estimates that "capital costs are lowered only when consolidating relatively small districts; capital costs increase when consolidating districts of 1500 pupils or more," that "expenditure per student rises when district size falls below 750 students," and that "the larger school district, the more resources devoted to secondary/non-essential activities."[36] The authors caution decision-makers that "two inefficient districts combined do not necessarily create one efficient district" and that "other considerations besides finances should be part of consolidation deliberations."[37]

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[31] Ibid.

[32] Joint Legislative Audit and Review Committee of the State of Washington. *School District Cost and Size Study.* Olympia, WA: Joint Legislative Audit and Review Committee, June 2010, available at http://leg.wa.gov/jlarc/AuditAndStudyReports/Documents/10-6.pdf (accessed June 28, 2016).

[33] Ibid.

[34] Ibid.

[35] Ibid.

[36] Durfinger, Norm and Lynn Haeffele. *Illinois Public School District Consolidation: A Tiered Approach*. Center for the Study of Education Policy, Illinois State University. March 2011, https://education.illinoisstate.edu/downloads/csep/IllinoisPublicSchoolDistrictConsolidation-ATieredApproach_FINALUSETHIS.pdf (accessed May 23, 2013).

[37] Ibid.

A California study prepared by the Legislative Analyst's Office (LAO) also found that "while small districts tend to spend more on overhead costs and have slightly lower student achievement compared to midsize districts, the differences are not large; <…> the operational demands and limitations of being *very* small, however, are substantial. Specifically, compared to larger districts, very small districts tend to dedicate a significantly bigger share of their budgets to covering overhead costs and a smaller share to instructional staff and leaders."[38] The authors believed that their review indicated that "extreme inefficiencies and concerns about accountability do justify changing state policy regarding *very* small districts and schools," specifically increasing the minimum threshold for districts to at least 100 students.[39] The authors refrained, however, from making their recommendation more general. In the absence of "persuasive evidence that consolidating school districts would necessarily result in substantial savings or notably better outcomes for students," LAO recommended that "the state neither force all small districts to consolidate nor provide special fiscal incentives <…> to encourage such consolidation," letting local constituencies decide how to structure their local districts best; instead, the state should "make important changes to encourage efficiencies and improve accountability."[40]

An original and sophisticated study written by Andrew J. Coulson from the Mackinac Center for Public Policy in Michigan brings to light differing theories about the relationship between district size and spending. The author cautions against regarding this relationship as a simple linear function of size. He says:

> If we assume that district officials seek to be as efficient as possible and are successful in their efforts, then per-pupil spending should continue to fall off as *Size* grows, but at a decelerating rate, possibly even hitting a plateau beyond which no further efficiency gains are realized. That's because economies of scale would be greatest when going from extremely tiny districts to medium-size districts. This is a nonlinear relationship – the slope of the line changes as district size changes.[41]

[38] Taylor, Mac. *How Small Is Too Small? An Analysis of School District Consolidation.* Sacramento, CA: Legislative Analyst's Office, May 2011, available at http://www.lao.ca.gov/reports/2011/edu/district_consolidation/district_consolidation_050211.pdf (accessed July 22, 2016).
[39] Ibid.
[40] Ibid.
[41] Coulson, Andrew J. *School District Consolidation, Size, and Spending: an Evaluation*. Midland, MI: Mackinac Center for Public Policy, 2007, available at https://www.mackinac.org/archives/2007/s2007-06.pdf (accessed June 19, 2017).

The picture, however, becomes much more complicated in light of the public choice theory, according to which "school officials would be inclined to grow their budgets rather than economize."[42] The public choice view of bureaucratic behavior leads Coulman to the following projection:

> Under this theory, initial savings that come from sharing fixed costs among a greater number of pupils would be overwhelmed by district officials' self-interest once districts reach a certain age. As a district becomes increasingly large, complex and removed from the everyday oversight of community members, administrators might well find it easier to expand district staff and spending. So, under public choice, the correlation between spending and enrollment should eventually become positive once a certain district size is reached.[43]

According to Coulman, the public choice theory suggests that "per-pupil spending should fall steeply when moving from tiny to small districts, but then gradually reverse course and begin to rise – steeply at first, but flattening out as district size becomes very large and taxpayers' resources are stretched thin."[44]

Utilizing a complex formula, the author calculated what would be the most efficient school district size for Michigan. His calculations indicated that "a district of 1,500 students is likely to spend about $40 less per pupil than a district of 2,911 students, all other things being equal. Similarly, the spending difference between a district of 500 students and one of 2,911 students is about $300 per pupil."[45] Coulman points out that "districts larger than 2,911 students generally spend more per pupil than optimally sized districts."[46] This is in line with findings of other researchers who raise concerns about extra-large districts.

The Mackinac Center report reminds policymakers that the numbers the study arrived at are only ballpark numbers as actual differences in spending due to variations in district size would fall within a certain range, not be all identical, and that these numbers represent an upper bound on possible savings as "a variety of political and geographical considerations might make particular mergers or consolidations difficult or impossible."[47] The report contains an interesting observation that "optimal consolidations could only happen among adjacent small districts. A small district that is geographically surrounded by large districts could not efficiently be merged with any other."[48]

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[42] Ibid.
[43] Ibid.
[44] Ibid.
[45] Ibid.
[46] Ibid.
[47] Ibid.
[48] Ibid.

The Mackinac Center study's key findings are that "although school district size plays a statistically significant role in determining per-pupil operating spending in Michigan school districts, this role is relatively small"; theoretically, "manipulating district size by consolidating small districts – or more accurately, by redrawing those districts' boundaries – "could save millions of dollars, but "due to practical considerations, there would seem to be little chance of coming close to that theoretical maximum."[49] The author points out that in practice, the potential savings from redrawing these boundaries could "be reduced by any initial management and capital construction costs involved, and by potential increases in long-term student transportation costs. It is also unclear what effect consolidating districts might have on academic quality."[50]

The study's results led the author to believe that education costs will continue to rise over time unless market incentives are introduced into the system. He forcefully puts forward what he believes to be his study's most significant finding, which is that "public officials appear to maximize school operating spending regardless of the public demand for educational services. The introduction of market incentives could counteract that tendency by providing inducements for policymakers and school officials to reduce operating costs while maintaining or improving quality."[51] This assertion, undoubtedly, deserves attention of Pennsylvania legislators.

Obviously, immediate fiscal savings, even when available, are not the only factors to consider. Long-term, broad-scale repercussions also need to be taken into account.

Schools are sources of social capital for communities, so school or district elimination may be detrimental to the community in a variety of way, from economic (job losses, falling real estate values) to psychological (real or perceived loss of identity, sense of diminished importance). "One of the prime arguments against consolidation was the loss of a sense of community when schools or districts were merged."[52]

One of the major arguments in favor of school and district consolidation is that it will enhance educational opportunities for students and improve academic performance. Presumably, larger systems will be able to offer more curriculum choices and higher teaching standards. On the other hand, opponents caution that consolidations may, in fact, have an adverse impact on academic achievement. The Pennsylvania School Board Association (PSBA) expressly claims that "the studies by a number of researchers around the nation have documented no improvement. Rather, they have confirmed adverse impact on student performance."[53]

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[49] Ibid.
[50] Ibid.
[51] Ibid.
[52] Leckrone, Wesley J. *The Politics of Educational Change: What Can We Learn from the School Consolidation Acts of 1961 and 1963?: Policy Brief*. Philadelphia, PA: Temple University Center on Regional Politics, March 2015, available at http://www.cla.temple.edu/ipa/files/2012/12/School-Consolidation-Leckrone-web.pdf (accessed July 14, 2016.
[53] Pennsylvania School Board Association (PSBA). *Merger/Consolidation of School Districts: Does it save money and improve student achievement?* Mechanicsburg, PA. April 2009, available at http://mrea-mt.org/wp-content/uploads/2016/04/PA-psba-merger-consolidation.pdf (accessed May 4, 2017).

It is worth noting that adverse impact appears to be more pronounced in certain vulnerable groups such as high-poverty and minority populations. An illuminating study that examined scores on state-required tests in Arkansas revealed consequential findings:

- The higher the level of poverty in a community served by a school, the more damage larger schools and school districts inflict on student achievement. In more affluent communities, the impact of school and district size is quite small, but the poorer the community, the stronger the influence.

- The achievement gap between children from more affluent and those from less affluent communities is narrowed in smaller schools and smaller districts, and widened in larger schools and larger districts.

- Smaller schools are most effective against poverty when they are located in smaller districts; they are less effective when they are located in larger districts. Poverty dampens student achievement most in larger schools located in larger districts.

- The relationship between school size, poverty, and student achievement is as much as three times greater in schools with the largest percentage of African American students.[54]

These findings are consistent with those from several other states (Alaska, California, Georgia, Montana, Ohio, Texas, and West Virginia).[55] Research has repeatedly indicated that "for low-income students, as district size increases, student achievement decreases."[56] The implication that "the less affluent a community, the smaller the school and school district serving the community should be in order to maximize student achievement"[57] deserves particular attention with respect to consolidation because smaller schools and school districts usually targeted for mergers are often located in communities with higher poverty levels; the above-mentioned findings indicate that merging for such districts may be counter-productive with respect to academic achievement.

[54] *Small Works in Arkansas: How Poverty and the Size of Schools and School Districts Affect Student Achievement in Arkansas*. A Summary by the Rural School and Community Trust of research conducted by Jerry D. Johnson, Craig B. Howley, and Aimee A. Howley. Washington, DC: Rural School and Community Trust, March 2002, available at http://www.ruraledu.org/articles.php?id=2068 (accessed May 12, 2017).
[55] Ibid.
[56] Durflinger, Norm and Lynn Haeffele. *Illinois Public School District Consolidation: A Tiered Approach.* Center for the Study of Education Policy, Illinois State University. March 2011, available at https://education.illinoisstate.edu/downloads/csep/IllinoisPublicSchoolDistrictConsolidation-ATieredApproach_FINALUSETHIS.pdf (accessed May 23, 2017).
[57] *Small Works in Arkansas: How Poverty and the Size of Schools and School Districts Affect Student Achievement in Arkansas*. Op. cit.

A different angle was selected by a Manhattan Institute study that purported to evaluate the effects of district size "by looking at its effect on the final secondary school educational outcome – high school graduation."[58] The authors calculated the graduation rate over a decade and examined the relationship between those graduation rates and changes in each state's average school district. Their analysis indicates that "there is a substantial and statistically significant relationship between the change in the size of a state's school districts and the percentage of students who leave high school with a diploma."[59] The authors' conclusion is that "decreasing the size of school districts has a substantial and statistically significant positive effect on graduation rates. Conversely, consolidation of school districts into larger units leads to more students dropping out of high school."[60] The researchers associate school districts size with the availability of residential school choice and, accordingly, surmise that "decreasing the size of school districts could improve educational outputs, including graduation rates, because it would increase the choice that parents have in the school system that educates their child."[61] Based on their findings, the Manhattan Institute study's authors recommend that states, especially those with exceptionally large school districts, such as Florida, Hawaii, and Nevada, decrease the size of their school districts if they seek to improve their graduation rates, and they caution states such as Illinois and Arizona, that have considered consolidating school districts believed to be particularly small, that "the consequences of states making their school districts dramatically larger could be dire."[62] Whether one fully accepts the connection the Manhattan Institute study makes between the school district size and parental choice or not, the empirical data contained in this study regarding the relationship between changes in school district size and graduation rates deserve attention.

A task force in Massachusetts that investigated economic efficiency and student learning outcomes in small districts (defined for the purpose of that study as those with enrollments of 2,000 or fewer) found that their sample of small districts "outperformed the state average on all of the DOE indicators investigated (attendance rate, drop-out rate, AYP status graduation rate, pursuit of post- secondary education, percentage of highly qualified teachers, and staff/pupil ratio)".[63] The Massachusetts study determined that their "small districts sample's graduation rate was 6.5% higher than the state average"; furthermore, 3.7 percent more graduates enrolled in college.[64] Based on their own findings and in agreement with other education experts, the task force endorsed "the conceptual shift whereby the definition of school efficiency gives equal weight to effectiveness (as measured by student success) as that given to operational economy."[65]

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[58] Greene, Jay P. and Marcus A. Winters. *The Effect of Residential School Choice on Public High School Graduation Rates*: Education Working Paper No. 9. New York, NY: Manhattan Institute for Policy Research, April 2005, available at https://www.manhattan-institute.org/pdf/ewp_09.pdf (accessed May 12, 2017).
[59] Ibid.
[60] Ibid.
[61] Ibid.
[62] Ibid.
[63] Driscoll, Linda E. *The Effectiveness, Value, and Importance of Small School Districts: M.A.S.S. Small and Rural School District Task Force Report.* Amherst, MA. September 2008, available at http://www.amherstma.gov/DocumentCenter/Home/View/18377 (accessed July 22, 2016).
[64] Ibid.
[65] Ibid.

With regards to school district efficiency, the Massachusetts task force makes a thoughtful suggestion that deserves to be considered by those seeking reforms in other states as well:

> Efficiency must be more broadly measured in addition to economic measures; other indicators must be used as metrics of efficiency. To begin, student performance data, teacher mobility and retention, and parental support should be included as indicators of success.[66]

When the company of Augenblick, Palaich and Associates (APA) prepared a paper on district consolidation for the Colorado School Finance Project, the researchers conducted a comprehensive literature review about school district consolidation from several perspectives: cost efficiency, academic quality, geography, community impact, and governance. They also interviewed a number of experts around the country who have experience with the issue. Their review led the authors to the conclusion that "the research on potential cost savings is inconsistent at best. Although some of the research indicates that cost savings can accrue from district consolidation, other research indicates that cost savings are unlikely."[67] A literature review performed by the Joint State Government Commission staff confirms this conclusion.

The APA report includes several far-reaching comments. One of them is that "it is important to distinguish between cost savings and efficiency. Efficiency implies that, in addition to saving money, academic quality can be maintained, if not improved. The costs of consolidation are usually calculated as costs per student, while efficiency is calculated as the cost of achieving particular outcomes, such as cost per high school graduate."[68] This is a crucial factor for decision-makers to consider in their deliberations on district consolidation. As APA points out, "there is very little evidence on whether district consolidation can save money *and* maintain educational quality."[69] In fact, several studies that control for educational costs, student socio-economic status and graduation rates demonstrate greater efficiency among smaller districts.

As regards academic achievement, APA concludes that "in general, the research does not indicate that larger districts have higher student performance and a number of studies demonstrate that *smaller* districts tend to exhibit higher academic performance."[70] Course offerings and extracurricular activities may be greater in larger districts. Professional development opportunities may also be more extensive in larger districts. As a result, it is impossible to state unequivocally that district consolidation would be academically beneficial to students.

The analysis of pros and cons of school district consolidation demonstrates that people's perceptions of possible benefits and liabilities may not be always accurate but, by and large, are confirmed by the existing research. It is important to realize that school finance and student academic achievement are determined by a number of factors, and school and district size is only one of them. Decision-makers who are contemplating district merger or consolidation should be

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[66] Ibid.
[67] Rooney, Kathryn and John Augenblick. *An Exploration of District Consolidation*. Denver, CO: Augenblick, Palaich and Associates, Inc. May 2009, available at http://apaconsulting.net/~apa/wp-content/uploads/2014/06/16-co-district-consolidation.pdf (accessed July 20, 2016).
[68] Ibid.
[69] Ibid.
[70] Ibid.

aware of potential caveats and form reasonable expectations based on a careful investigation of the specific circumstances. Provided it is carefully prepared, school district consolidation may be a viable option, especially for school districts that are currently struggling both financially and academically. If various latent impacts are recognized and properly addressed, "higher-quality academic programs and greater fiscal efficiencies could result from targeted and thoughtfully planned consolidations."[71]

Policy Guidelines Emerging from the Existing Research

A recent analysis of public school spending presented by the *Governing* magazine confirmed that it varies dramatically from one part of the country to another: "Financial figures published by the U.S. Census Bureau depict wide variation in spending across states, regions and individual districts."[72] Based on the most recent data, nationally, spending on public education per student is estimated at $11,009.[73] Pennsylvania ranks twelfth among the states in public school spending.[74] Several factors that explain the vast differences in spending include revenues, teacher salaries and benefits, cost of living, demographics, class sizes, administrative costs, and state and local policies (varying funding formulas and mandates).[75] Two factors identified in this analysis – revenues and administrative costs – present special interest in examining the issues outlined in HR 910. Marguerite Roza, director of the Edunomics Lab at Georgetown University, observed that the amount of money school districts spend is more a function of the money available than the actual costs of educating students: "School districts will always spend just about all the money they're allocated. Schools in areas more reliant on state funding than on local property taxes generally have fewer total dollars available to them, but there's more equity across their districts."[76] Spending on school and executive administration accounts for a comparatively small slice of total spending (about 7 percent nationally), but administrative costs vary considerably across states: from $450 to over $1,000 per student.[77] The analysts specifically point out that "school districts are much more fragmented in the high-spending states, notably Illinois and New Jersey."[78] Based on findings like these, some states start reconsidering the role school districts play in their system of education while others look at reducing the number of districts in expectation to cut costs.

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[71] Durflinger, Norm and Lynn Haeffele. *Illinois Public School District Consolidation: A Tiered Approach.* Center for the Study of Education Policy, Illinois State University. March 2011, available at https://education.illinoisstate.edu/downloads/csep/IllinoisPublicSchoolDistrictConsolidation-ATieredApproach_FINALUSETHIS.pdf (accessed May 23, 2017).

[72] Maciag, Mike. "The States That Spend the Most (and the Least) on Education." *Governing.* August 2016, available at http://www.governing.com/templates/gov_print_article?id=388556492 (accessed August 16, 2016).

[73] Maciag, Mike. "The States That Spend the Most (and the Least) on Education." *Governing.* August 2016, available at http://www.governing.com/topics/education/gov-education-funding-states.html#data (accessed June 29, 2017).

[74] Ibid.

[75] Maciag, Mike. "The States That Spend the Most (and the Least) on Education." *Governing.* August 2016, available at http://www.governing.com/templates/gov_print_article?id=388556492 (accessed August 16, 2016).

[76] Ibid.

[77] Ibid.

[78] Ibid.

A recent analysis of the number of school districts and student enrollments across the country presented by the *Governing* magazine shows that these vary greatly across the country. The authors point out, "One way to measure school district "fragmentation" is to compare average student enrollments for school districts. Nationally, local public school districts had an average enrollment of 3,659 students in the 2013-2014 school year."[79] Districts with smaller enrollments were found to be fairly prevalent across the country; in fact, "nearly half of all districts nationally – 46 percent – have fewer than 1,000 students."[80] At the time of the *Governing Data* count, average district enrollment in Pennsylvania was 3,200 students.[81]

An overview of recent tendencies in merging small districts by *Governing* observes, "Although the trend slowed down over the years, there appear to be a growing number of states revisiting this managerial move – and with good reason."[82]

Currently, most states have policies addressing school district consolidation. According to the analysis by the Council of State Governments (CSL), "the most common form of policy is a state aid program designed to encourage district reorganization, typically in the form of consolidation, by providing additional money for operations or capital projects during the transition to the new form of organization."[83] As district consolidation commonly causes significant resistance, there are states that resorted to the stick as well as the carrot. Maine is probably the most illustrative example of enforcing district mergers by punitive measures. Since 2007, Maine has been engaged in what CSL describes as "a tug-of-war over school consolidation."[84] When its "consolidation battle" began, Maine had 290 local school districts, roughly half of which enrolled fewer than 300 students; more than 80 districts had fewer than 100 students. State legislators passed a bill requiring smaller districts to consolidate. Those that refused would be penalized by losing part of their state funding. Opponents responded by attempting to repeal the consolidation statute by referendum in 2009. The results of the referendum (59-41) allowed the law to stand. There have, however, been multiple bills introduced later to address school consolidation, some of which sought exemptions for specific districts. The penalty for those that refused to merge was finally removed. In spite of the bitter controversy, the supporters of the law argue that Maine has achieved its goal: the number of school districts in the state was reduced significantly.[85] Maine's Department of Education contends that Maine's school administrative reorganization law is "critical to prioritizing limited resources for the classroom," and that by implementing the law, "the goals of equal opportunity, rigorous programming, sustainability, and efficient use of funds are being achieved."[86] With over 90 percent of school districts in compliance, the number of school administrative units dropped by over one-third in four years, bringing

[79] "Total School Districts, Student Enrollment by State and Metro Area." *Governing Data*, available at http://www.governing.com/gov-data/education-data/school-district-totals-average-enrollment-statistics-for-states-metro-areas.html (accessed June 24, 2016).
[80] Ibid.
[81] Ibid.
[82] Barrett, Katherine and Richard Greene. "Consolidation Wars: Merging Small School Districts Makes Sense. Try Telling That to the Schools." *Governing*. Vol. 28, No. 1. October 2014. P. 58.
[83] The Council of State Governments. *The Promises and Perils of School District Consolidation*, available at http://knowledgecenter.csg.org/kc/system/files/2011SP/school_district_consolidation.pdf (accessed July 14, 2016).
[84] Ibid.
[85] Ibid.
[86] Maine Department of Education. *School Administrative Reorganization*, available at http://www.maime.gove/education/reorg (accessed July 14, 2017).

millions of dollars in savings at the state, local, and district levels.[87] Department of Education officials believe that as a result of reorganization law, Maine is better prepared to meet the current economic and educational reform challenges facing the state and the country.[88] Opponents of state-enforced consolidation regard the Maine reform as an example of contentious and painful process that other state legislatures would like to avoid.

School and district consolidation is brought up periodically when state revenues fall, leading policymakers and state officials to seek ways to trim the state's budget. In response to the latest resurgence in demands for consolidation that emerged after the Great Recession, the National Education Policy Center (NEPC) reviewed and summarized existing research and published a policy brief intended to assist state legislators making decisions regarding consolidation as a possible school-reform strategy.

As the school consolidation literature is divided between econometric studies and education quality studies, the authors preempt their review by a salient introductory observation that "econometric studies of district consolidation tend not to include the value of important educational contingencies such as extracurricular participation rates, parental involvement, and community support."[89] There are also differences between district-level reorganization research and school-level consolidation research; the former usually explores the reform as an economic efficiency measure while the latter is more commonly focused on educational effectiveness. There is, however, a considerable overlap because the attempts to gain efficiency through district consolidation often involve closing down one or more schools, even though such plans may not be initially announced. The meta-analysis of existing literature performed by the NEPC scholars led them to a definitive conclusion that "the contemporary research, as a body and almost to a study, has not recommended consolidation either to save tax dollars or to improve the outcomes or quality of schooling."[90]

The authors of the NEPC brief, along with many other experts, contend that "a century of consolidation has already produced most of the efficiencies obtainable"; moreover, that "in the largest jurisdictions, efficiencies have likely been exceeded – that is, some consolidation has produced diseconomies of scale that reduce efficiency," and in such cases, "deconsolidation is more likely to yield benefits than consolidation."[91] The brief cautions against oversimplification in popular claims about the widespread benefits of consolidation such as assumed reduction in administrative costs and reminds that "impoverished regions in particular often benefit from smaller schools and districts, and they can suffer irreversible damage if consolidation occurs."[92] The NEPC brief's advice to state legislators is that "decisions to deconsolidate or consolidate districts are best made on a case-by-case basis" as they are "unlikely to be a reliable way to obtain substantive fiscal or educational improvement."[93]

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[87] Ibid.
[88] Ibid.
[89] Howley, C., Johnson, J., and J. Petrie. *Consolidation of Schools and Districts: What the Research Says and What It Means*. Boulder, CO: National Education Policy Center, 2011, available at http://nepc.colorado.edu/files/PB-Consol-Howley-Johnson-Petrie.pdf (accessed July 14, 2016).
[90] Ibid.
[91] Ibid.
[92] Ibid.
[93] Ibid.

The prevailing motivation for consolidation is anticipated reduction in administrative costs. The NEPC literature review, however, reveals that "research offers remarkably little support for that position." The second motivation for consolidation – improving educational opportunities – "is also contradicted by the evidence."[94]

The NEPC brief cites reports of subjective experiences with consolidation which highlight "the variable and even contradictory nature of its impact on students, families, educators, and community members."[95]

There is general consensus that the early waves of consolidation, in the 1930s and in the middle of the twentieth century, produced arguable improvements such as graded schools, professional administrators, specialized teachers, and more solid buildings. However, according to NEPC, "research on the effects of contemporary consolidation suggests that new consolidation is likely to result in neither greater efficiency nor better instructional outcomes – especially when it results from state policy that implements large-scale forced consolidation."[96] NEPC strongly recommends that where school and district consolidation is still likely to generate efficiencies of scale, it should be considered "on an individual basis, and not as widespread state mandate."[97] One of the reasons for making decisions on a case-by-case basis rather than through a blanket state policy is that experience has shown "markedly different consolidation outcomes for communities with markedly different socio-demographic characteristics," with low-wealth and minority populations often "inordinately and negatively affected by consolidation initiatives."[98]

Acknowledging that earlier waves of consolidation brought about major historical achievements, the NEPC brief outlines differences between goals and results achieved then and the changed priorities and circumstances of today: "Early consolidations <…> achieved efficiencies but did not save taxpayer money. Instead they improved inputs and processes – which, though desired at the time, cannot be confirmed as having improved outputs that are of interest today (e.g., achievement levels or achievement growth)".[99]

NEPC summarizes its findings from a comprehensive review of consolidation research in the following way:

- In many places, schools and districts are already too large for fiscal efficiency or educational quality; *deconsolidation* is more likely than consolidation to achieve substantial efficiencies and yield improved outcomes.

- Financial claims about widespread benefits of consolidation are unsubstantiated by contemporary research about cost savings (mostly, but not exclusively, from research on district consolidation) and learning (mostly, but not exclusively, from school-size research).

[94] Ibid.
[95] Ibid.
[96] Ibid.
[97] Ibid.
[98] Ibid.
[99] Ibid.

- Claims for educational benefits from systematic statewide school and district consolidation are vastly overestimated and have already been maximized.

- Which consolidations would likely produce improvement can be judged only on a case-by-case basis, with attention to the devilish details that sweeping case policies cannot provide.

- Impoverished places, in particular, often benefit from smaller schools and districts, and can suffer irreversible damage if consolidation occurs.

- Overall, state-level consolidation proposals appear to serve a public relations purpose in times of fiscal crisis, rather than substantive fiscal or educational purposes.[100]

Accordingly, NEPC recommends that policymakers

- **Closely question claims about presumed benefits of consolidation in their state**. What reason is there to expect substantial improvements, given that current research suggests that savings for taxpayers, fiscal efficiencies, and curricular improvements are unlikely?

- **Avoid statewide mandates for consolidation and steer clear of minimum sizes for schools and districts.** These always prove arbitrary and often prove unworkable.

- **Consider other measures to improve fiscal efficiency or educational services.** Examples include cooperative purchasing agreements among districts, combined financial services, enhanced roles for Educational Service Agencies, state regulations that take account of the needs of small districts and schools, recruitment and retention of experienced teachers for low-wealth districts, distance learning options for advanced subjects in small rural schools, smaller class sizes for young students, and effective professional development programs.

- **Investigate deconsolidation as a means of improving fiscal efficiency and improving learning outcomes.**[101]

Similar recommendations to policymakers are put forward in the report "Size Matters: A Look at School District Consolidation" by the Center for American Progress. This report is centered on productivity and governance and posits the question of possibilities for reforming the structure of our education system that might increase student achievement.[102] The report looks at "the widespread existence of small school districts – defined here as districts with fewer than 1,000 students that are classified by the U.S. Census Bureau as "rural remote" or "town remote" – and

[100] Ibid.
[101] Ibid.
[102] Boser, Ulrich. *Size Matters: A Look at School-District Consolidation.* Washington, DC: Center for American Progress, August 2013, available at https://www.americanprogress.org/wp-content/uploads/2013/08/SchoolDistrictSize.pdf (accessed July 18, 2016).

specifically at the extra education costs associated with these districts,"[103] putting national and state-by-state estimates on the scope of the problem. The authors acknowledge shortcomings with their methodology but believe their calculations and other research have produced illuminating findings:

- Many states have large percentages of small, nonremote districts that might represent hundreds of millions of dollars nationwide, as much as $1 billion, in lost potential capacity each year ("lost potential capacity" is defined by the authors as "money that may not have been spent if the district was larger, and these data are estimates of potential lost dollars based on established methods of determining the cost of providing a sufficient education").

- Ten states account for more than $650 million in lost potential cost, or about 68 percent of the total.[104]

Pennsylvania lawmakers should know that Pennsylvania is **not** one of those ten states identified as the states with the largest amount of districts with lost potential cost.

The authors of the report "Size Matters" acknowledge that there is no one optimal solution to the problem of school districts; nonetheless, they present a number of recommendations they regard as viable:

- **States should generally avoid one-size-fits-all approaches to maximizing district size.** While the findings indicate that many districts suffer from lost capacity due to their small size, there is no easy solution to this problem, and the best solution for one district may not be the best solution for another. The evidence suggests that policymakers should take an approach that does more to take into account the context of local districts and their needs and do more to improve overall systems of education management.

- **States and districts must reform school management systems**. Policymakers must create performance-focused managements systems that are flexible on inputs and strict on outcomes. States and districts should also take this opportunity to rethink the role that school districts play in our education system.

- **States and districts should consider regionalization and the sharing of services and resources where possible.** States can help ease the cost burden of small districts through the creation of state-supported education-service agencies serving a group of two or more small districts to increase overall productivity.[105]

[103] Ibid.
[104] Ibid.
[105] Ibid.

The focal point of this study is educational productivity. The researchers argue that "in many ways, the real problem is not district size. The real problem is our nation's system for managing districts"; they strongly recommend a new approach to district governance: "we need to better support more districts that generate higher-than-average achievement per dollar spent and encourage efforts to study highly productive districts."[106] The conclusion is that "in the end, what's important is to provide districts with the supports and incentives to find better and more-effective ways to spend their dollars."[107]

[106] Ibid.
[107] Ibid.

SCHOOL DISTRICT CONSOLIDATION IN PENNSYLVANIA: HISTORY, STATUS QUO, AND PROSPECTS

History and Research

The most dramatic change in the number of school districts in the Commonwealth occurred in the 1960s, as a result of consolidation laws passed in 1961 and 1963.[108]

As stated in the study published by the Temple University's Center on Regional Politics (CORP), "Pennsylvania's attempts at school consolidation were part of a national trend aimed at improving education in mid-twentieth century America."[109] The school consolidation debates during that period revolved around local versus centralized control: "traditionally small, localistic schools symbolized American individualism and governmental decentralization."[110] To reframe the narrative, education experts insisted that the new international order required for the United States to offer high-quality, comprehensive educational services that could be provided by larger school districts. In his summary of the mid-century consolidation arguments, W. J. Leckrome identified four major trends that helped to build a consensus on the need for consolidation of school districts:

1. The post-World War II economy required skilled labor to accommodate new technology and increasingly complex social, political, and business organizations. This necessitated that schools teach a full range of college preparatory classes, particularly in science and math.

2. Policymakers were concerned with the ability of the United States to match the technological advances of the Soviet Bloc. The launch of Sputnick in 1957 focused attention on the need to produce a new generation of better educated citizens.

3. The educational infrastructure needed to meet these demands required larger, better staffed schools. New services such as guidance counseling, health services and libraries, combined with the need to offer more varied instruction to advanced and remedial students, could only be accomplished with larger economies of scale.

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[108] Both laws were amendments to the Public School Code of 1949. Act of September 12, 1961 (P.L.1283, No.561) and Act of August 8, 1963 (P.L.565, No.299). 24 P.S. § 2-290 et seq.

[109] Leckrone, Wesley J. *The Politics of Educational Change: What Can We Learn from the School Consolidation Acts of 1961 and 1963?: Policy Brief*. Philadelphia, PA: Temple University Center on Regional Politics, March 2015, available at http://www.cla.temple.edu/ipa/files/2012/12/School-Consolidation-Leckrone-web.pdf (accessed July 14, 2016.

[110] Ibid.

4. The costs of providing public education rose dramatically as a consequence of these reforms. Expenditures on education in Pennsylvania grew as an overall proportion of the state budget and showed no signs of abating. The pressure of accommodating more school-age Baby Boom children added to the need to stabilize spending.[111]

Prior to 1960, most legislation aimed at school consolidation in Pennsylvania sought to achieve that goal by providing voluntary incentives to encourage school districts and larger schools to merge.[112] Consolidation could be accomplished by two methods: "unions," introduced in 1911, with the process streamlined in 1937 with the creation of "merged" school districts in 1937, and "jointures," originally instituted in 1854 but gaining popularity after Act 361 of 1947[113] offered financial incentives for joint high schools (1949) and elementary schools (1951). Unlike unions, jointures allowed multiple districts "to function as one unit while still retaining their own identity."[114] They were governed by a Joint Board composed of the members of all participating districts' school boards, and each district retained its own budget and funding stream through its own tax system. It is worth noting that at that time, most school districts "opted for cooperation with other districts rather than full consolidation." [115] Moreover, jointures played a major part in school district reorganization in the 1960s as in most cases, already existing jointures were transformed into new, consolidated school districts.

After intensive studies and contentious debate, Act 561 of 1961 mandated school district consolidation in Pennsylvania. The student minimum was established at 4,000 students, with the possibility to lower the minimum to 2,500, dependent on topography, pupil population, socio-economic characteristics, transportation, utilization of existing school buildings and other relevant factors. The prevailing arguments in support of consolidation maintained that the larger districts would provide a broader college preparatory curriculum, more academic and administrative services, and a more personalized educational experience for students; they would expand educational opportunity to everyone "while at the same time saving money by stretching state and local tax dollars further."[116] Education historians note that the law was "fairly conservative in that the creation of new school districts could only come via consolidation, not a wholesale geographical redesign," with the county board of school directors having the ultimate responsibility for determining the details of consolidation.[117]

School district consolidation based on Act 561 of 1961 induced strong opposition. Major concerns were addressed by new legislation in 1963 preserving the principle of organization but eliminating the weaknesses that became apparent in the initial legislation.

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[111] Ibid.
[112] Ibid.
[113] Act of June 21, 1947 (P.L.867, No.361) amending the public school system law, Act of May 18, 1911 (P.L.309, No.191).
[114] Leckrone, Wesley J. *The Politics of Educational Change: What Can We Learn from the School Consolidation Acts of 1961 and 1963?: Policy Brief*. Philadelphia, PA: Temple University Center on Regional Politics, March 2015, available at http://www.cla.temple.edu/ipa/files/2012/12/School-Consolidation-Leckrone-web.pdf (accessed July 14, 2016.
[115] Ibid.
[116] Ibid.
[117] Ibid.

Act 299 of 1963 made the 4,000 student school district requirement a recommendation rather than a mandate, created an appeals process for aggrieved school districts, and clarified the legal details pertaining to the process of merging school districts.[118] Act 150 of 1968[119] expanded Acts 561 and 299 "by providing for additional consolidations for those districts that were not included in previous consolidations."[120]

The consolidation laws of 1961 and 1963 reduced the number of school districts in the Commonwealth from 2,277 in 1960 to 669 by 1970. Throughout the Commonwealth history, "the number of districts in Pennsylvania was reduced from a high of 2,599 in 1909-10 to 505 in 1979-80." [121] The subsequent reduction from 505 to 501 was the result of a federal desegregation lawsuit involving five districts in Allegheny County.[122] The recent merger of the Center and Monaca School Districts into the Central Valley School District, which is the first, and so far, the only, voluntary merger in the state, brought down the total number of Pennsylvania school districts to 500, which is the current number.

Looking back at the school district reorganization in the 1960s, education historians emphasize that the dramatic decrease in the number of school districts in Pennsylvania was a result of a long process rather than a radical policy change and that the "incremental approach of moving school districts through stages of cooperation prior to consolidation proved to be successful."[123] They also point out that "money serves as an inducement for action": financial incentives to school districts stimulated school closures and cooperation with other school districts.[124]

In its examination of school district consolidation in the 1960s, the Pennsylvania School Boards Association (PSBA) points out the sparsity of "factual data concerning the financial, political and educational aspects of this mandate."[125] In view of PSBA researchers, the results of legislatively mandated consolidation were "a mixed blessing." PSBA's report claims "there is no evidence that consolidation of schools will result in reduced expenses" while there is evidence that "consolidations have adverse impact on academic achievement."[126] The report draws attention to "substantial front-end costs," such as "leveling up", along with "a number of items that provide front-end costs that individually are small but collectively can approach substantial sums in the hundreds of thousands of dollars."[127] PSBA also highlights "the potential for adverse economic

[118] Ibid.
[119] Act of July 8, 1968 (P.L.299, No.150), supplementing the Public School Code of 1949. 24 P.S. § 2-290 et seq.
[120] Pennsylvania School Board Association (PSBA). *Merger/Consolidation of School Districts: Does it save money and improve student achievement?* Mechanicsburg, PA, April 2009, available at http://mrea-mt.org/wp-content/uploads/2016/04/PA-psba-merger-consolidation.pdf (accessed May 4, 2017).
[121] Ibid.
[122] Ibid.
[123] Leckrone, Wesley J. *The Politics of Educational Change: What Can We Learn from the School Consolidation Acts of 1961 and 1963?: Policy Brief.* Philadelphia, PA: Temple University Center on Regional Politics, March 2015, available at http://www.cla.temple.edu/ipa/files/2012/12/School-Consolidation-Leckrone-web.pdf (accessed July 14, 2016.
[124] Ibid.
[125] Pennsylvania School Board Association (PSBA). *Merger/Consolidation of School Districts: Does it save money and improve student achievement?* Mechanicsburg, PA, April 2009, available at http://mrea-mt.org/wp-content/uploads/2016/04/PA-psba-merger-consolidation.pdf (accessed May 4, 2017).
[126] Ibid.
[127] Ibid.

impact on smaller communities that lose facilities."[128] Based on its findings, PSBA's position is against legislative mandates for consolidations or mergers and in favor of local school district choice. PSBA asserts that "mergers have substantial local impact and local districts need to have clear voice in the ultimate result."[129] PSBA suggests that "if the state wants to reduce the number of districts, it needs to encourage merger by providing incentives and assistance, such as:

- Funding for front-end costs.
- Financial assistance to address "leveling up," or legislative relief.
- Technical assistance to districts for merger studies.
- Technical and financial assistance with curriculum alignment.
- Financial assistance to cover administrative costs, such as letterhead, name changes, etc."[130]

Based on the recent experience of the Center-Monaca merger, PSBA also recommends that the Commonwealth develop a clearly defined process for completing mergers to make the path easier for other districts interested in merger, such as

- Clearly define the process required by the Secretary of Education.
- Clearly define the process required by the State Board of Education.[131]

Wishing to assist districts that may ultimately need to merge with an adjacent district, PSBA contracted with the Pennsylvania Economy League to produce a merger checklist for school districts interested in examining the potential. The detailed school district consolidation checklist proposed by PSBA is included as Appendix D in this report.

A study commissioned by the Center for Rural Pennsylvania that looked at three different types of rural school districts in terms of background characteristics, fiscal management, administrative capacity, and student achievement "did not find evidence to support school district consolidation in rural Pennsylvania" on the basis of cost efficiency, administrative efficiency, or student achievement.[132]

[128] Ibid.
[129] Ibid.
[130] Ibid.
[131] Ibid.
[132] Yan, Wenfan. *Is Bigger Better? A Comparison of Rural School Districts*. The Center for Rural Pennsylvania, September 2006, available at http://rural.palegislature.us/documents/reports/rural_school_consolidtion.pdf (accessed June 28, 2016).

The latest serious consideration of wide-scale school district reorganization in Pennsylvania took place ten years ago. Senate Resolution 208 of 2006 directed the Legislative Budget and Finance Committee (LBFC) to study the cost-effectiveness of consolidating Commonwealth school districts. LBFC, in its turn, contracted with Standard & Poor's School Evaluation Services to conduct the study. The LBFC report prepared by Standard & Poor's offers a statewide analysis of issues involved in consolidating school districts and provides detail on 88 districts used to create 97 hypothetical "pairings" across Pennsylvania where the authors found consolidation would be possible and desirable.[133]

The authors concluded that "if the state wishes to reduce overall costs, or to re-invest cost-savings so as to expand educational services, it might reasonably focus on the potential benefits of consolidating relatively high-spending, smaller districts into lower-spending, larger districts, but whose enrollments remain below 3,000 students."[134] The cut-off number of students was determined based on the findings that school districts with enrollments of between 2,500 and 2,999 students tend to have the lowest per-pupil costs. The report contained detailed models for the districts identified as potential consolidation candidates and recommended that if any of those districts decide to consider consolidations, they should create an estimate of their consolidated budget for expenditures and margins and carefully examine all local circumstances. The researchers underscored that many key factors in a consolidation decision can be analyzed only on a case-by-case basis. It was obvious to the authors that even if cost savings could be assured, consolidations would be controversial.

In the years following the publication of Standard & Poor's study, none of the school districts they identified as potential candidates for consolidation have, in effect, proceeded along this route.

In 2014, at the request of several legislators, the Independent Fiscal Office (IFO) prepared a special report entitled "Fiscal Implications of a York County School District Consolidation." The report contains a broad overview of the fiscal implications from the consolidation of the fifteen individual school districts that are located entirely in York County. As the request for the study was motivated by public interest in the potential savings from combining district-level administrative functions, the IFO staff computed real estate tax rates for a consolidated district under three different administrative cost-saving scenarios. In addition, they considered other factors that would impact the real estate tax rates under consolidation such as the earned income tax (EIT), changes in state funding, and the cost of standardizing instructional staff salaries. These factors were also incorporated into the analysis.

[133] Standard and Poor's School Evaluation Services, prepared for Legislative Budget and Finance Committee. *Study of the Cost-Effectiveness of Consolidating Pennsylvania School Districts*. Harrisburg, PA: Legislative Budget and Finance Committee, June 2007.

[134] Standard and Poor's School Evaluation Services, prepared for Legislative Budget and Finance Committee. *Study of the Cost-Effectiveness of Consolidating Pennsylvania School Districts.* Op. cit., Part I. P. 5.

The key findings derived from the IFO's analysis indicated that

- The costs of consolidation (36.5 million for salary standardization and replacement of state funds) would likely outweigh the savings from district-level administrative combination – even if one assumes a very aggressive level of savings ($20.85 million for a 75 percent reduction in cost).

- Consolidation increases countywide real estate tax rates in the range of 0.7 mills to 1.2 mills (3 percent to 8 percent) depending on the EIT rate and level of administrative savings. This result occurs because the costs of consolidation are estimated to exceed the administrative savings.

- Even under the most aggressive assumptions for administrative savings (75 percent), none of the four EIT rates reviewed would result in real estate tax savings for the median homeowner in each district.

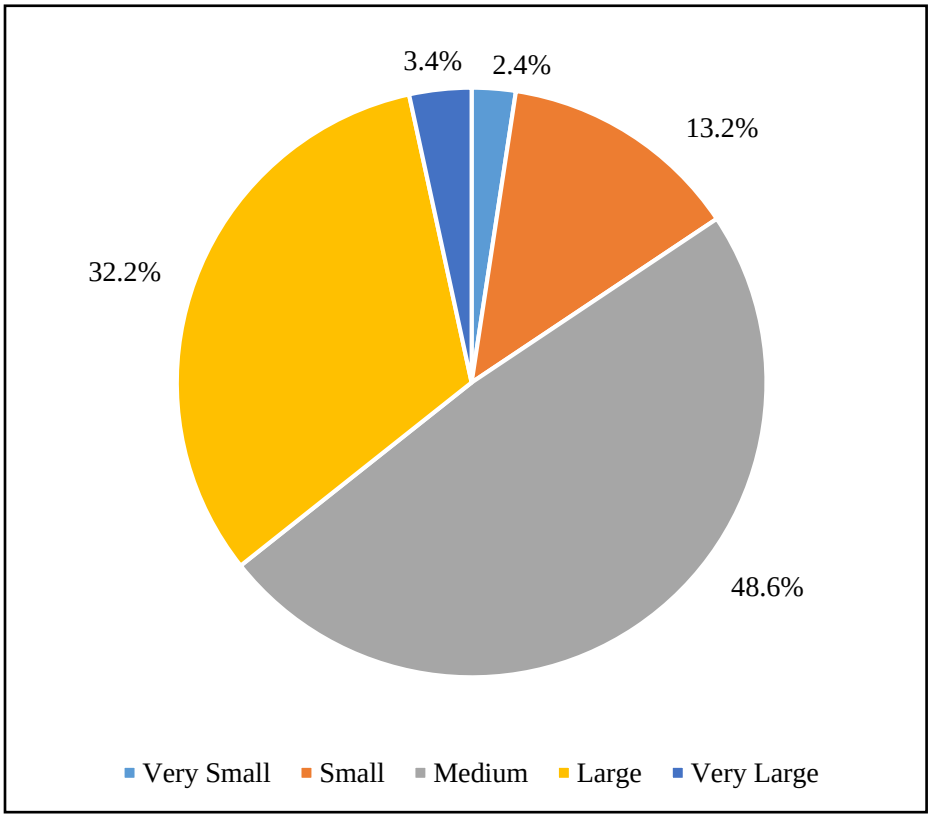
- Homeowners in the median homestead at the median earned income in at least nine school districts would pay more in combined real estate and EIT taxes under consolidation.[135]

[135] Independent Fiscal Office. *Fiscal Implications of a York County School District Consolidation*: Special Report 2014-3. Harrisburg, PA: Independent Fiscal Office, December 2014. Pp. 44-45, available at http://www.ifo.state.pa.us/download.cfm?file=/Resources/Documents/SR2014-03.pdf (accessed May 25, 2017).

Overview of Current School District Layout and District Expenditures in Pennsylvania

Currently, Pennsylvania has 500 school districts.

PA School Districts Size
Broken Down Into 5 Categories By Size



The size of school districts in the Commonwealth varies widely. The pie chart, above, divides districts into five categories: very small, small, medium, large and very large. The majority of districts in Pennsylvania, almost 50 percent of the districts, are medium-sized districts, which are identified as districts with a student population between 1,001 to 3,000 students.[136]

[136] Data from Finances AFR Expenditures 2015-16 from PDE website, downloaded May 2017. Analysis by JSGC.

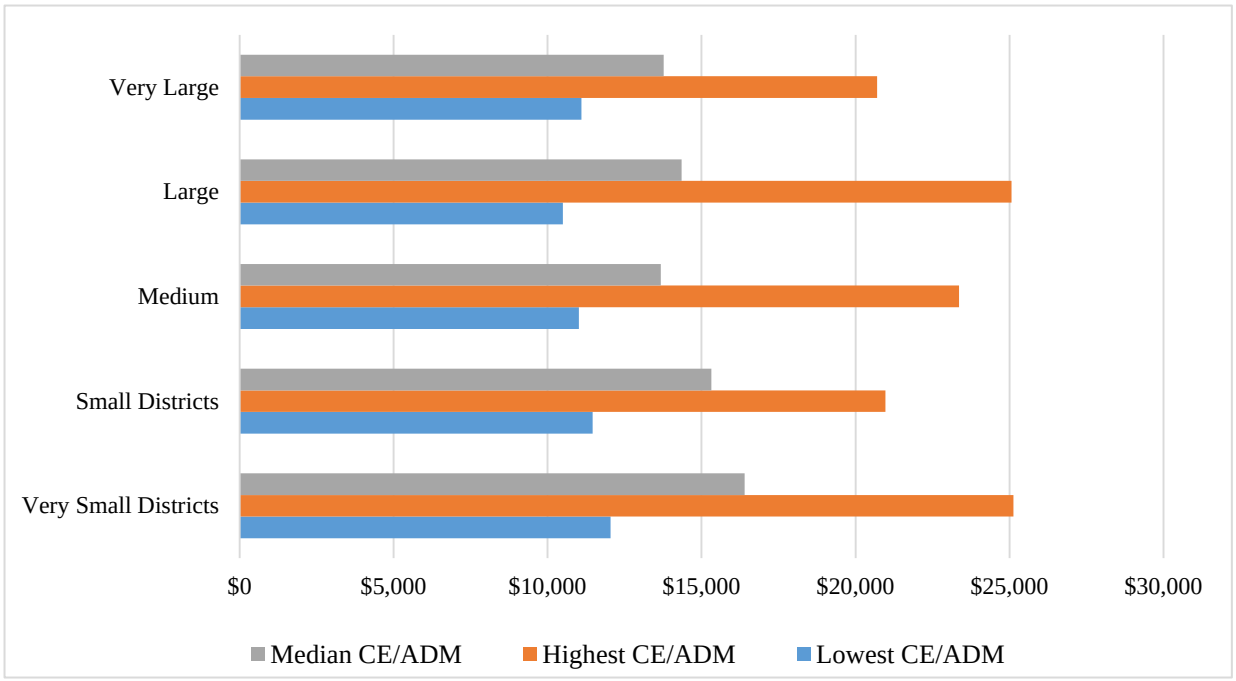
For the purposes of this report, districts are defined as “small” if they have an average daily membership (ADM) between 500 and 1,000 students. Sixty-six districts, or 32.2 percent of the 500 districts have an ADM between 500 and 1,000 students. A very small school district is one with less than 500 students. Only twelve school districts, or 2.4 percent of the districts in the Commonwealth, have an ADM less than 500. Of those twelve school districts, slightly more than half, or seven of them, are found in either Potter or Somerset Counties.

The final two size breakdowns are for those districts that are either large or very large. A large district has a student population between 3,001 and 10,000. One hundred and sixty one school districts presently fall into this category. Only 17 districts within the Commonwealth are considered very large and have a student population of greater than 10,000.

In the three charts below, the school districts are grouped according to size, and then the range and median of the different expenditures for each size category is shown.

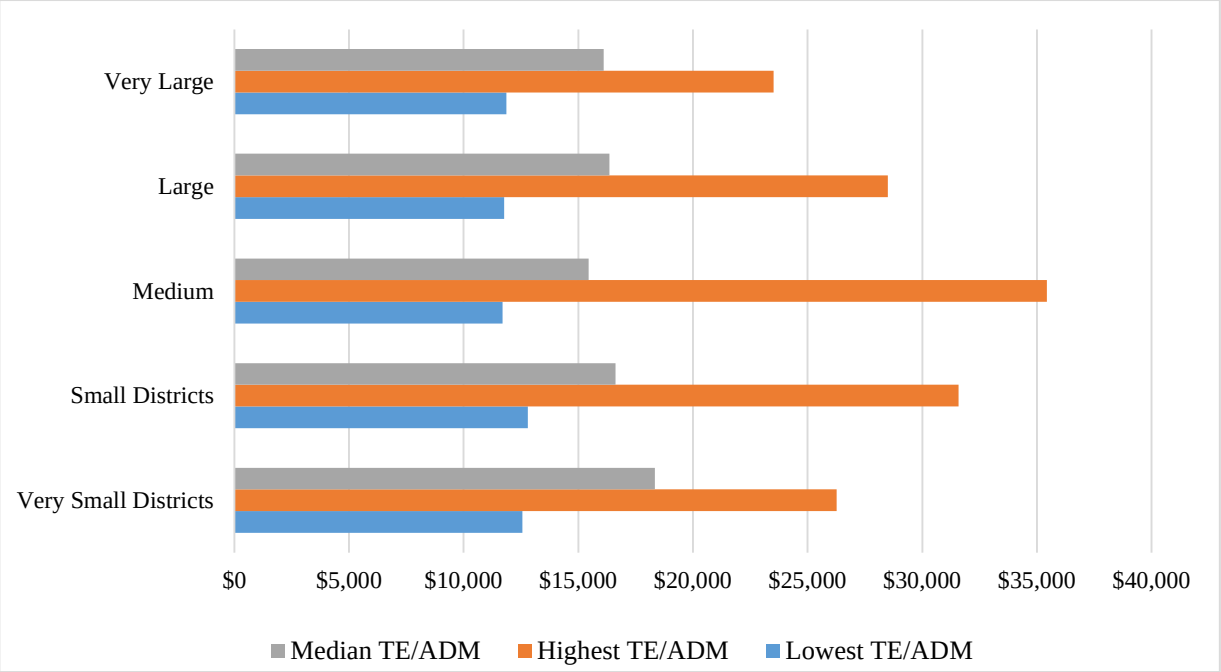
Current expenditures group together data from the instruction, support services, and operation of noninstructional services categories of the annual financial reports (AFR). The first chart shows the breakdown in the current expenditures per ADM. The second chart references total expenditures, which is a larger amount for each district because, in addition to those categories included in current expenditures, it includes facilities acquisition and other financing uses. The final chart is a smaller amount for each district as it is restricted to those dollars used exclusively for instruction, or the 1000 code in the AFR.

Range of Current Expenditures
Per ADM for PA Districts Broken Down By Size



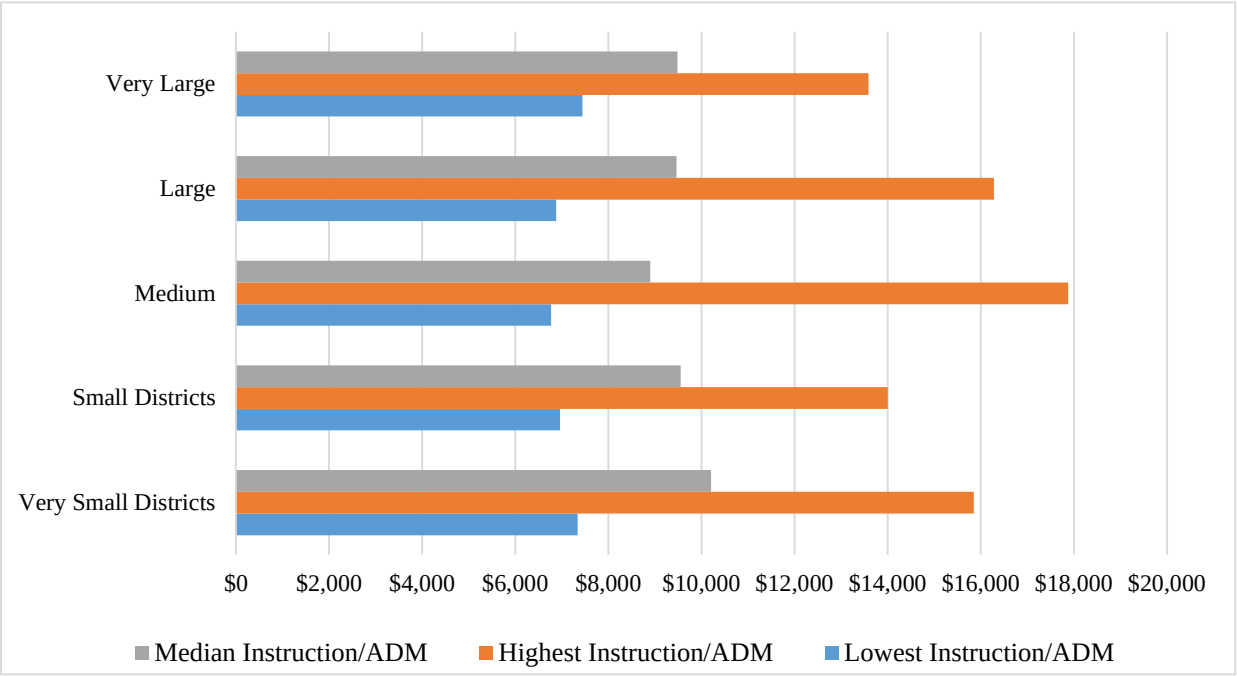
The table above shows the range of 2015-16 current expenditures per average ADM with the school districts grouped by size. In the group of very small districts, the current expenditures per pupil range from a low of $12,050 to a high of $25,122. The median per pupil current expenditure for the very small districts is $16,397, which is $2,325 above the statewide median of $14,072. For those school districts in the small category, the current expenditures per ADM range by $9,507 from a low of $11,464 to a high of $20,971. The median current expenditure per ADM is $15,318, or $1,246 above the statewide median. In the medium-sized school district group, the current expenditure per ADM ranges from a low of $11,019 to a high of $23,356. The median for the medium sized districts is $399 below the statewide median. The current expenditure per ADM for large districts ranges from a low of $10,501 to a high of $25,069, or a range of $14,568. The median current expenditure per ADM for large districts is $14,352, or $280 above the statewide median current expenditure per ADM. Finally, the current expenditures per ADM for the group of very large school districts range from a low of $11,095 to a high of $20,704. The median current expenditure per ADM is $13,767, or $305 below the statewide median.

Range of Total Expenditures
Per ADM for PA Districts Broken Down By Size



The statewide median 2015-16 total expenditure per ADM is $16,005. When the school districts are broken down by size groups, their median total expenditure per ADM range from $560 below the median (medium school districts), $105 above the median (very large school districts), $348 above the median (large school districts), $613 above the median (small districts), and $2,340 above the median (very small districts). The lowest total expenditure per ADM for the group of small districts and very small districts ($12,792 and $12,555 respectively) is higher than for the other three groups: medium, large, and very large school districts. The highest total expenditure per ADM, however, is least for the very large school districts ($23,511) and most for the medium and small grouping ($35,435 and $31,578 respectively). The per-pupil total expenditures of the very small group and large group fall in the middle at $26,271 and $28,495.

Range of Instruction
Per ADM for PA Districts Broken Down By Size



The 2015-16 statewide median instruction per ADM is $9,229. The medium school districts as a group have the lowest median per pupil instruction cost at $8,902. From there it increases to $9,465 for the large districts, $9,486 for the very large districts, $9,552 for the small districts, and $10,204 for the very small school districts. The lowest instruction cost per ADM is less in the three middle groups (small districts - $6,964; medium districts - $6,766; large districts - $6,878) and higher for the group of very large districts ($7,442) and very small districts ($7,343). The highest per pupil instruction cost for the groups ranges from $13,998 and $13,586 for small districts and very large districts respectively, to the high in medium districts and large districts ($17,877 and $16,286 respectively).

It is important to see a confirmation that the lowest median per pupil instruction cost is achieved by the medium-sized school districts. It is also instructive to note vast variations in ADMs within each group. If some districts spend twice as much as their counterparts in the same size range, there must clearly be room for savings, ways to run a district more efficiently, and the successful practices of more efficient school districts (on condition that efficiency is understood broadly, to include student achievement as well as fiscal frugality) should be studied and promulgated statewide.

A comprehensive Massachusetts study on small districts contains a meaningful proposal that can be useful to Pennsylvania lawmakers as well:

> There needs to be a movement from deficit to assets thinking: Rather than using deficit models (for example – financial resources) to make legislative decisions, assets of successful school districts should be explored and replicated. Currently, too many decisions are based on what is not working. < …> Research should explore the specific programmatic, leadership, pedagogical, and structural elements that make small school districts in Massachusetts successful.
>
> A spirit of collaboration, not competition, between districts can result in better and more efficient delivery of services to students.[137]

Several years ago, the Pennsylvania General Assembly directed the Joint State Government Commission to conduct a study of high-performing and low-spending school districts in the Commonwealth and identify best practices as well as other factors that affect school districts' performance.[138] Some of the best practices identified in the report still appear to be worth utilizing: these include close attention to lower-grades students and reduced classroom size for them; enhanced learning opportunities for students; low staff turnover and adequate teacher education and professional development programs; cost-benefit analyses of participating in joint purchasing agreements with IUs and other school districts; and cost-benefit analyses of contracting out auxiliary services such as student transportation, cafeteria operations, and technology support. Several of these best practices involve cooperation and consolidation of efforts between two or more districts or districts and IUs and are, thus, relevant to this study. PDE should continuously track best collaborative practices and promulgate them among school districts in order to assist them to achieve higher efficiency in ways suitable to them.

While improving efficiency by collaboration can be very beneficial, especially for small districts, it cannot be expected to resolve all the problems districts face. Declining enrollments and increasing financial pressures are major challenges that can be hard to address. Some school districts are trying to do this by "consolidating within their own boundaries with fewer and larger, more centrally located schools."[139] A review of school closings and reorganizations at the school level in Allegheny County concluded: "While parents often fight to keep neighborhood schools

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[137] Driscoll, Linda E. *The Effectiveness, Value, and Importance of Small School Districts: M.A.S.S. Small and Rural School District Task Force Report.* Amherst, MA. September 2008, available at http://www.amherstma.gov/DocumentCenter/Home/View/18377 (accessed July 22, 2016).

[138] Joint State Government Commission. *High-Performing and Low-Spending School Districts: Best Practices and Other Factors. Pursuant to Senate Resolution 243 of 2010*. Harrisburg, PA: Joint State Government Commission, 2010.

[139] Niederberger, Mary and Clarence Polke. "Declining Rolls Lead Allegheny County School Districts to Adjust." *Pittsburgh Post-Gazette*. September 1, 2014 available at http://www.post-gazette.com/news/education/2014/09/01/Declining-rolls-lead-Allegheny-County-school-districts-to-adjust/stories/201409010143 (accessed May 18, 2017).

open, districts that have consolidated have found that uniformity of services and parity of offerings increase although intimacy and proximity are lost."[140] Some people believe closing schools may be "the most painful way to address declining enrollment."[141] Others argue that closing or reconfiguring schools can bring millions of dollars in cost savings and that after initial resistance, many parents come to appreciate the benefits of better facilities and improved academics.

The decision to consolidate or not may depend on a variety of factors. An important one is the grade level. Educators agree that it is easier to operate a small elementary program than a small secondary program with a schedule of upper-level courses and a variety of extra-curricular activities: "Effective secondary programs require facilities such as updated science and computer labs for math and science and spaces such as art rooms, band rooms and auditoriums. Large districts with bigger budgets can offer a richer curriculum at the secondary level, including multiple Advanced Placement courses."[142] Another important factor is the socioeconomic status of the district's communities and families; it has been shown that poorer children benefit from smaller, more intimate schools and school districts, where they get more individualized attention.

Wishing to avoid merger and still ensure that their students have access to a wider array of courses, some small districts find innovative ways to provide enhanced curriculum choices. *The Pittsburgh Post-Gazette* offers Cornell as an example of a tiny school district that has come up with such creative solutions: "In addition to AP English, it offers dual enrollment courses at the high school level in Spanish and French, statistics, ecology, accounting and government. The courses are offered through La Roche College, Robert Morris University and the University of Pittsburgh, and the district pays the fees."[143] Cornell students join athletic teams of the neighboring religious schools (Our Lady of the Sacred Heart Catholic School and Quaker Valley).[144] Cornell conducted merger talks with a larger Moon Area School Districts several times over the past thirty years, with at least four formal merger attempts, but the merger has not occurred.[145]

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[140] Ibid.

[141] Chute, Eleanor. "Allegheny County School Districts Resize, Close Schools as Population Shifts." *Pittsburgh Post-Gazette*. August 31, 2014, available at http://www.post-gazette.com/news/education/2014/08/31/Allegheny-County-school-districts-resize-as-population-shifts/stories/201408310114 (accessed May 17, 2017).

[142] Niederberger, Mary and Clarece Polke. "School Districts Struggle to Decide How Small Is Too Small." *Pittsburgh Post-Gazette*. September 2, 2014, available at http://www.post-gazette.com/news/education/2014/09/02/School-districts-struggle-to-decide-how-small-is-too-small/stories/201409020021 (accessed May 17, 2017).

[143] Ibid.

[144] Ibid.

[145] Reis, Sonja. "Cornell, Once Again, Says No to Moon Area Merger Proposal." *Pittsburgh Post-Gazette.* October 16, 2015, available at http://www.post-gazette.com/local/west/2015/10/16/Cornell-once-again-says-no-to-Moon-Area-merger-proposal/stories/201510160223 (accessed May 17, 2017). See also: Reis, Sonja. "Merger Discussions Advance with Cornell and Moon School Districts." *Pittsburgh Post-Gazette.* September 19, 2014, available at http://www.post-gazette.com/news/education/2014/09/19/Merger-discussions-advance-with-Cornell-and-Moon-school-districts/stories/201409190166 (accessed May 17, 2017). Reis, Sonja. "Residents Speak Out About Moon-Cornell Merger." *Pittsburgh Post-Gazette.* October 16, 2015, available at http://www.post-gazette.com/news/education/2015/10/16/Residents-speak-out-about-Moon-Cornell-merger/stories/201510160082 (accessed May 17, 2017). Ferral, Katelyn. "Cornell Superintendent: Moon's Timetable for Possible Merger Suspicious." *Triblive.com,* available at http://triblive.com/news/allegheny/9233214-74/moon-area-cornell (accessed May 17, 2017).

While some very small districts such as Cornell manage better than others and are not in a position when a merger becomes a necessity, in some cases, merger appears to be inevitable – at some point, a district that has been struggling for a long time is no longer viable.

Declining enrollments is a wide-spread and unrelenting problem in many regions. An analysis of the impact of recent demographic tendencies on school district resizing and school closings in Allegheny County offers illuminating numbers: in a decade, from fall 2004 to 2013, the average enrollment loss in the 43 school districts in Allegheny County amounted to 13.3 percent, with sixty percent of the districts reporting double-digit declines in that period; only three have had significant growth.[146] Public school districts face competition for students. Chris Briem, a regional economist at the University of Pittsburgh Center for Social and Urban Research commented on a big number of school districts in the region: "The future for any school district really depends on whether or not it's a competitive place for people choosing to live there."[147] In addition to competing among themselves, public school districts lose students to homeschooling, nonpublic (both religious and private) schools, and cyber charter schools. Such alternatives to public education as homeschooling and charter schools have been growing significantly in recent years. Such struggling districts as Wilkinsburg and Duquesne had more than 40 percent of their student population in charter school in the 2013-14 academic year.[148] This exacerbates the problem of distressed districts. As Maureen McClure, associate professor of administration and policy studies at the University of Pittsburgh pointed out, small, struggling districts face an uphill battle in reversing their declines: "As long as academic failure is a factor, parents will continue to move children from the districts, further eroding the tax base. Money follows the child."[149]

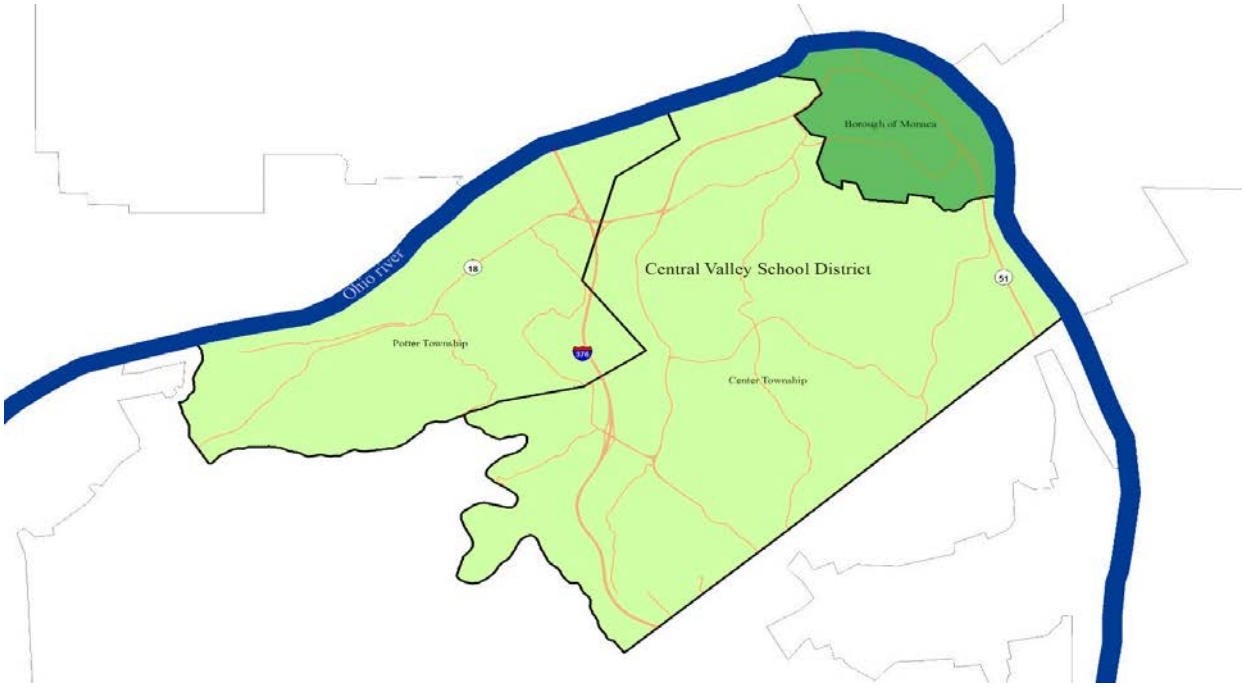
Some districts eventually return to the merger idea even if it had been discussed and rejected earlier. Experts agree that the earlier negotiations are started and the healthier districts are at the start of merger negotiations, the better are their chances to achieve a successful and beneficial merger.

[146] Chute, Eleanor. "Allegheny County School Districts Resize, Close Schools as Population Shifts." *Pittsburgh Post-Gazette*. August 31, 2014, available at http://www.post-gazette.com/news/education/2014/08/31/Allegheny-County-school-districts-resize-as-population-shifts/stories/201408310114 (accessed May 17, 2017).
[147] Ibid.
[148] Ibid.
[149] Gazarik, Richard. "School Districts Face Uphill Battle in Reversing Declines." *Triblive.com*. December 29, 2013, available at http://triblive.com/news/allegheny/5188743-74/district-districts-students (accessed January 3, 2017).

MERGER ACCOMPLISHED:
THE CENTRAL VALLEY SCHOOL DISTRICT

The Central Valley School District in Beaver County is a unique phenomenon within the Commonwealth. Previously the Center Area and Monaca School Districts, it is the only school district in Pennsylvania to voluntarily merge since the 1960s.

Background



Geographic Issues

The map above shows the current boundaries of the Central Valley School. When districts are contemplating a merger, they must consider topographical barriers such as rivers, bridges, highways and mountains. In the scenario of the Center Area and Monaca School Districts, the Ohio River forms a natural boundary line that runs along the northern edge of both of the districts, and is actually a unifying feature rather than a barrier. The district is made up of three municipalities. Previously two of those municipalities, Potter and Center Township, made up the Center Area School District. The Borough of Monaca comprised the Monaca School District. The Monaca School District encompassed 2.1 square miles while the Center Area School District

encompassed 34.1 square miles.[150] Three highways, PA 18, PA 51 and I-376, intersect the district's boundaries.

Student and Spending Changes

Between the 2004-05 and 2008-09 school years, both school districts had decreased significantly in student population. Monaca's student population had decreased cumulatively by 15 percent while the Center Area School District student population decreased overall by 6 percent. Combined, they lost 233 students, or 8.3 percent of their average daily membership (ADMs), from 2004-05 to 2008-09.[151]

Both districts showed increases in their total expenditures (a 19.4 percent cumulative increase for the Center Area School District and a 7.5 percent cumulative increase for the Monaca School District).[152] The Center Area School District had a cumulative increase in administrative spending of 33.3 percent while the Monaca School District actually had a slight decrease of -.2 percent.[153]

Percent Change in Selected Expenditures and Student Population: Prior to Merger

Center Area School District			
School Year	Cumulative % Changes:		
	Total Expenditure	Admin	ADM
2005-06	4.4	3.7	-2.5
2006-07	12.1	16.6	-3.4
2007-08	14.4	29.1	-5.9
2008-09	19.4	33.3	-5.6

Source: Pennsylvania Department of Education (PDE). Analysis by the Joint State Government Commission (JSGC).

[150] Information provided to the Joint State Government Commission by Dr. Daniel Matsook, Consultant at Wilkinsburg Borough School District, in his personal e-mail of February 26, 2017.

[151] "Finances AFR Expenditures 2004-2005, 2005-2006, 2006-2007, 2008-2009," Pennsylvania Department of Education, available at http://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Summary-Level.aspx#.VZvrX2XD-Uk (accessed July 15, 2016).

[152] According to the Pennsylvania Department of Education's glossary of terms, the Total Expenditure of a school district includes those expenditures under Instruction, Support Services, Operation of Non-instructional Services, Facilities Acquisition and other financing uses.

[153] According to the Pennsylvania Department of Education's glossary of terms, the Administration category includes any "expenditure for activities concerned with establishing and administering policy in connection with operating the local education agency (LEA). Included are board services, tax assessment and collection services, community relations services, and office of the principal services."

Percent Change in Selected Expenditures and Student Population: Prior to Merger

Monaca School District			
School Year	Cumulative % Changes in:		
	Total Expenditure	Admin	ADM
2005-06	.4	4.3	-1.8
2006-07	7.1	2.4	-4.1
2007-08	14.2	3.7	-10.4
2008-09	7.5	-.2	-14.9

Source: Pennsylvania Department of Education (PDE). Analysis by the Joint State Government Commission (JSGC).

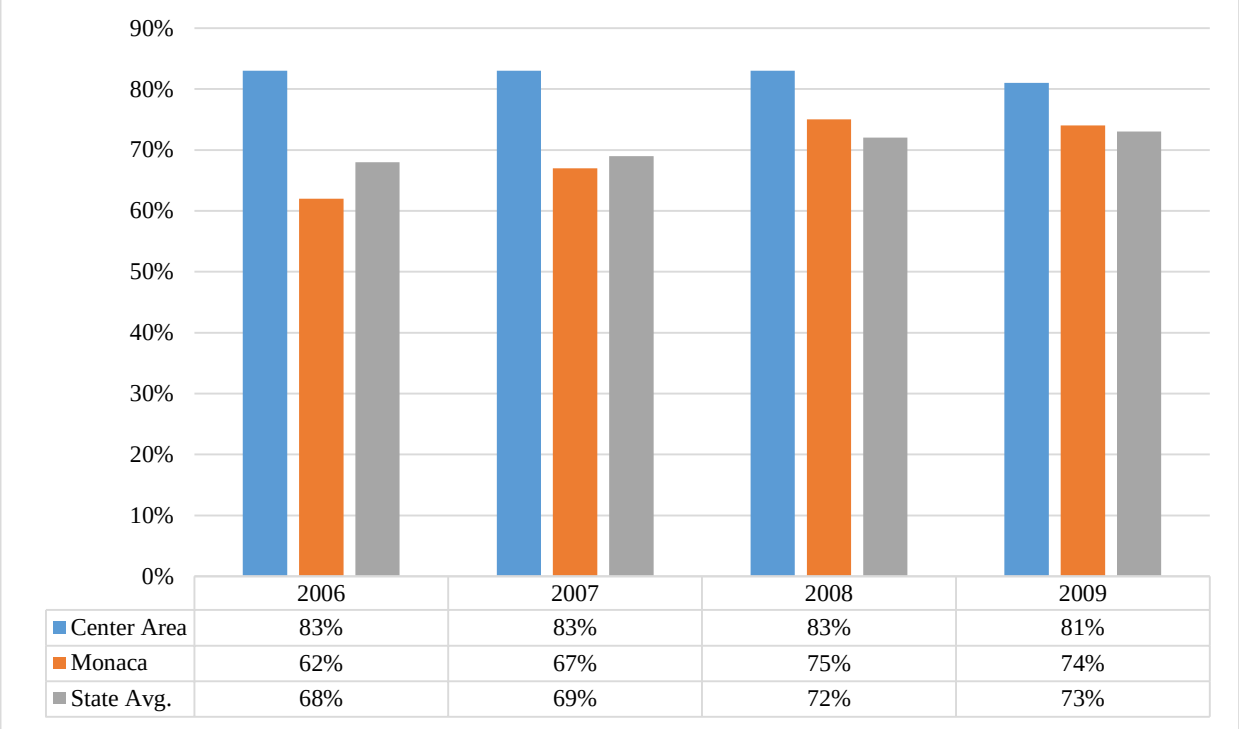
Programmatic Considerations

Declining enrollments in both districts were making it more difficult to offer anything beyond basic programming at the high school level. In Center Area, although programs would be offered, they would be cut when not enough students signed up. In Monaca, many extra courses simply were not even offered because of decreased student numbers.[154]

By January of the 2007-2008 school year, the Center Area School District had canceled six classes because not enough students enrolled: Algebra III, Accounting I, French III, French IV, Middle School French and Child Development. Seven additional classes (French V, French VI, German VI, Physics II, Clothing, Biology II and Advanced Acting) were in danger of cancellation because fewer than 10 students enrolled. [155]

[154] Information provided to the Joint State Government Commission by Dr. Daniel Matsook, Consultant at Wilkinsburg Borough School District, in a telephone conversation with JSGC staff on February 22, 2017.
[155] David, Brian. "Statistics on merger show more savings." *Pittsburgh Post-Gazette*, January 31, 2008.

Percent of Students Proficient or Above in Math: Pre Merger



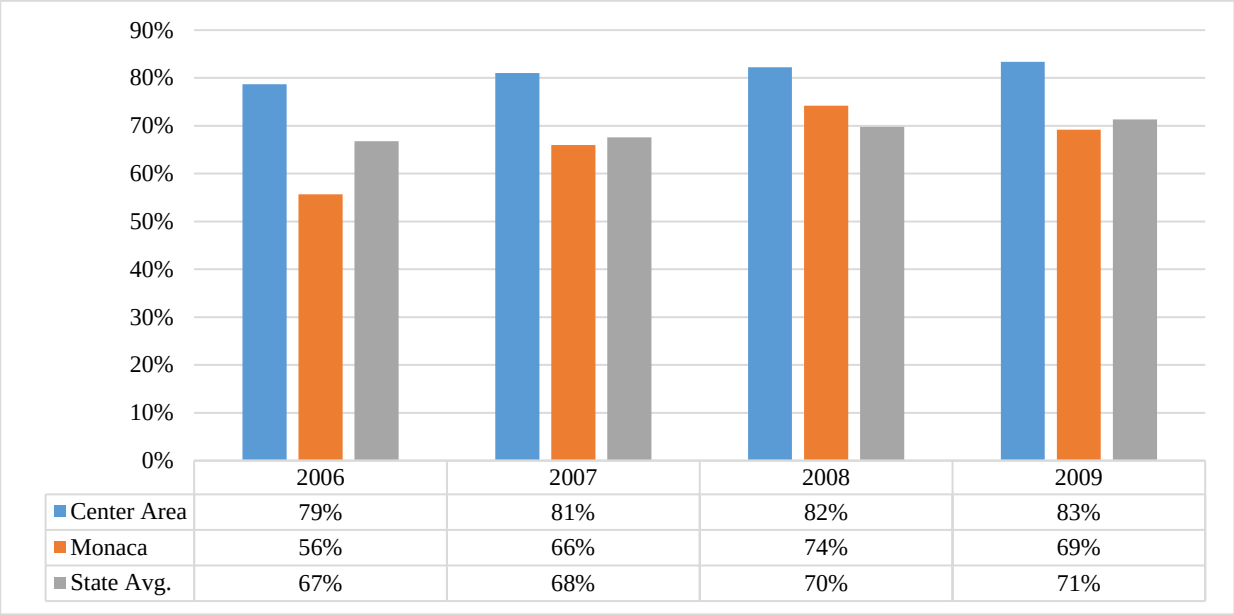
	2006	2007	2008	2009
Center Area	83%	83%	83%	81%
Monaca	62%	67%	75%	74%
State Avg.	68%	69%	72%	73%

Source: Pennsylvania Department of Education (PDE). Analysis by the Joint State Government Commission (JSGC).

The charts above and below show the performance of the student populations in the Center Area and Monaca School Districts prior to the merger and compared to the statewide average. Both cases, whether focusing on Reading test scores or Math test scores, show relatively similar results. More students at Center Area achieved proficient or above in both Math and Reading. However, the performance of students at the Monaca School District more closely mirrored the statewide average, occasionally slightly below the statewide average achieving proficient or above in both Math and Reading and sometimes above by one or two percentage points.

For example, the Math results from 2009 show 1% more students in the Monaca School District achieved proficient or above than the statewide average. However, 81 percent of students from the Center Area School District achieved the level of proficient or above, as compared to a statewide average of 73 percent. In reading, Monaca had 2 percent less students performing at proficient or above than the statewide average of 71 percent. In the Center Area School District, 12 percent more students (83 percent total) scored proficient or above in reading than the statewide average of 71 percent.

Percent of Students Proficient or Above in Reading: Pre Merger



	2006	2007	2008	2009
Center Area	79%	81%	82%	83%
Monaca	56%	66%	74%	69%
State Avg.	67%	68%	70%	71%

Source: Pennsylvania Department of Education (PDE). Analysis by the Joint State Government Commission (JSGC).

Future Considerations

Monaca was looking at impending significant physical plant costs. In a study by the Education Management Group (EMG), renovation costs for the 5th Ward School were estimated between $1.4 to $2.3 million, between $3.3 million to $5.3 million for the C.J. Mangin School and between $6.6 to $12.2 million for the Junior/Senior High School. Although the Monaca School District had no debt at the time of the merger discussions, they knew they needed to make significant investment in aging buildings in order for students to continue to be educated in safe facilities.[156]

Process of Merger

In 2004, Dr. Daniel Matsook was appointed superintendent of the Center Area School District. Merger discussions began in 2005. However, the topic was not new to the district; feasibility studies had been conducted in the 1960s as well as the 1980s. The merger conversations that followed took place on multiple levels over multiple years.

In December of 2005, the district formed an advisory committee made up of the superintendent, the business manager, staff from the Department of Education, legislators, the IU and three board members from each district. The district held multiple key communicators meetings as well as public meetings throughout the entire process. Key communicator groups were

[156] Information provided to the Joint State Government Commission by Dr. Daniel Matsook, Consultant at Wilkinsburg Borough School District, in his personal e-mail of February 26, 2017.

established in Monaca and Center and consisted of community leaders from different social, religious and professional circles within the community. At various times, school district officials travelled to Harrisburg to meet with staff from the PA Department of Education. By the end of the merger, all of the school board members from both districts were in support of the merger.[157]

During these years, the district commissioned two separate feasibility studies. The first study, done by Ingraham Dancu Associates, LLC, generated a range of six scenarios, with various building and grade configurations, including continuation of the status quo with no merger. The second study, conducted by EMG, was a fiscal assessment of the proposed merger of the two districts. In a presentation to the public, Donald Boyer of EMG "told the audience this is the ninth merger study he has done, and it was the first one that had benefits in terms of dollars and cents."[158]

One-Time Costs

The costs to merge the two entities were significant and varied. There were legal fees, both general and those associated with negotiations because of professional and support employees collective bargaining agreements. There were also costs due to the leveling or equalizing of the labor contracts between the Center Area and Monaca School Districts. The fact that Center Area generally had the higher salary schedules and more employees helped this to be a surmountable hurdle. There were renovation costs, some of which were attributed completely to the merger although some of these costs were a shifting of what would have come because of Monaca's aging infrastructure. There were also costs of activities to promote social integration between students and staff of both districts. The district conducted training and held extensive curriculum writing activities and incurred the costs of substitute teachers who worked to free the staff members during these activities. Money was spent on purchasing textbooks based on the work of the curriculum committees. There were technology costs to unify the two districts. These costs ranged from video distribution systems, telephone systems, a data hardware system and software programs to a new network to fully integrate the merged district. Finally, there were costs for new uniforms for the band, chorus, and athletics as well as new signage at the athletic fields and the gymnasium.

Board Members

Immediately after the merger, the newly combined Central Valley School Board had eighteen members. According to the Pennsylvania School Code, the district had three options to devise new voting sectors: at-large, nine precincts, or three precincts.[159] Nine distinct voting areas was too many for such a small voting population of roughly 18,000, but they wanted to ensure that the smaller community had a voice within the new district so rather than going with the at large option they decided on three precincts, with one of the precincts being the Monaca area, about 6,000 people, and Center, which was about 12,000 people, being divided into two precincts.

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[157] Information provided to the Joint State Government Commission by Dr. Daniel Matsook, Consultant at Wilkinsburg Borough School District, in a telephone conversation with JSGC staff on February 22, 2017.
[158] "Numbers Crunching." *Beaver County Times*, September 27, 2007.
[159] The Public School Code, Act of March 10, 1949 (P.L.30, No.14) § 308; 24 P.S. § 3-308.

The size of the board was dealt with through attrition. At the next election, four of the seats were not filled and the board was reduced to fourteen. In the subsequent election, five of the seats were not filled and the board arrived at its current size of nine members.[160]

Statutory Changes

The mercantile tax was important to the Center Area School District because the area has a very strong commercial and industrial base. The mercantile tax generated more than $300,000 in revenue for the district. However, when Local Tax Reform passed in 1988, the act stated that local jurisdictions could not implement any new receipts-based taxes. This statute would have prohibited the newly created district from continuing to levy the existing tax. However, local legislators amended the law so that the newly created district could continue to receive the mercantile tax revenue.

The elementary school students merged in the 2009-10 school year. The secondary merged in the 2010-11 school year.

Impact of Merger

District Expenditures – Pre and Post Merger

Central Valley School District			
School Year	Total Expenditures	Administration 2300	ADM
2006-07	*$28,817,049*	*$1,793,838*	*2,716*
2007-08	*29,793,322*	*1,926,866*	*2,615*
2008-09	*30,170,514*	*1,945,168*	*2,585*
2009-10	29,679,270	2,087,009	2,526
2010-11	29,397,877	1,723,191	2,505
2011-12	28,968,089	1,773,084	2,437
2012-13	30,327,712	1,700,568	2,480
2013-14	30,330,914	1,643,669	2,465

Source: Pennsylvania Department of Education (PDE). Analysis by the Joint State Government Commission (JSGC).

The table above shows data from three years prior to the merger in italics, and then five years of the merged school district. For the 2006-07, 2007-08, and 2008-09 school year, the figures for Total Expenditure are actually the sum of the Center Area and Monaca School Districts. For administrative expenses and student population, the figures presented are also the sum of the two independent school districts. Total Expenditure data, money spent in category

[160] Information provided to the Joint State Government Commission by Dr. Daniel Matsook, Consultant at Wilkinsburg Borough School District, in his personal e-mail of February 28, 2017.

2300/Administration and the student count of the Center Area and Monaca School Districts are combined for the first 3 years shown in the table. Although the district's costs for administration show an increase between the 2008-09 and 2009-10 school year, the total expenditures drop from $30.2 million to $29.7 million. The district's total expenditures do not rise to the level of the two districts prior to merger until the 2012-13 school year.

When the two districts merged, they combined millage rates as well. For the Center Area School District, this meant a reduction of 3.4 mills as the millage rate decreased from 50.2 to 46.8 for the 2009-10 school year. For Monaca, the millage rate increased by 1.80, going from 45.0 to 46.8 in the 2009-10 school year.[161]

Middle School Program

Prior to the merger, neither district had a middle school. In Center Area SD, there were three buildings: K-2 (Center Grange), 3rd through 5th grade (Todd Lane), 6th through 12th grade (Junior/Senior High School). The Monaca School District also had four buildings, but with a different division of students: K-3rd (HS Elementary), 4th through 6th (5th Ward), K-6th (CJ Mangin) and 7th through 12th (Junior/Senior High School).[162] As a result of restructuring performed to create and support the middle school concept, students in 6th, 7th, and 8th grades now attend the Central Valley Middle School.[163]

The middle school concept has multiple, layered components. At the Central Valley School District, there are roughly 200 students in each grade, so the grades are split into half and then divided between two teams per grade level. These two teams are made up of teachers from the five core subject areas: Math, English, Reading, Science and Social Studies, as well as a special education teacher. Through the teaming concept, each of the teaching teams takes shared responsibility for the 100 students that have been assigned to them. In essence, the middle school building has been divided into six smaller learning communities.

All of those students in each of the communities are exposed to Technology, Pre-Engineering, Art, Family, and Consumer Science during each school year as well as foreign languages (German, Spanish, and French). For 6th grade students, the rotation also includes Library Science, Guidance, and Music.

The use of activity periods is another special component of the middle school program. Each grade level has two activity periods built into its schedule that allow students to take Band and Chorus, and provides opportunities for flexible groupings for remediation and enrichment on common core standards. Tutoring, intramurals, or various clubs also take place in the activity period rotation.

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[161] Information provided to the Joint State Government Commission by Mr. John Maly, Business Manager at the Central Valley School District, in his personal e-mail of May 23, 2017.

[162] Application for New District Background Information, page 11 and information provided to the Joint State Government Commission by Mr. Daniel Matsook, Consultant at the Wilkinsburg Borough School District, in a telephone conversation with JSGC staff on February 22, 2017.

[163] *Central Valley School District Middle School*, available at http://www.centralvalleysd.org/Downloads/20152016MSStudentHandbook2.pdf (accessed May 19, 2017).

One of the biggest advantages of the middle school program is the opportunity for teachers to prep together during a common planning period to share best practices and implement cross-curricular projects and concepts. The teachers have a daily shared prep period to meet and discuss student data, conduct parent meetings, share lesson plans, and do self-directed professional development.

According to Central Valley Superintendent Nicholas Perry, "The middle school program focuses on educating the whole child through these delicate adolescent years. Our program encompasses not only the academics but also the social, emotional, and physical well-being of our students. The teaching concept allows for individuals to be housed in a community that embraces the children in that house or team. This results in a much more personal learning experience between teacher and student, student and student, and teacher and parent."[164]

This new structure and programming has been recognized through the Don Eichhorn Schools to Watch in 2015. This recognition, which is given by the National Forum to Accelerate Middle School Reform through the Pennsylvania Association for Middle Level Education (PAMLE), came after rigorous evaluation involving evaluators across the Commonwealth. The recognition focuses on four areas: academic excellence, developmental responsiveness, social equity, and organizational structures and processes. The Central Valley Middle School is one of thirty-eight middle schools to have been recognized in the state of Pennsylvania and one of more than three hundred across the country to have received this recognition, which was established in 2006-07.[165]

Technology Programs

In the 2014-15 school year, Central Valley instituted an iPad program. The district had piloted use of iPads for two years before instituting the program. The purpose of the iPads is for students to take notes, submit homework assignments, complete assessments, and create projects as well as to access multimedia content more frequently.[166] While the district had started the program with iPads for all children in grades 6-12, it proved so beneficial that in the 2016-17 school year, the district expanded the program and gave iPads to every student from Kindergarten through 12th grade.

The Central Valley School District runs a cyber academy through which their students, K-12, can either choose a full-time program or participate in a blended program, with a mixture of traditional classes and online learning. A large portion of the students participate in this program, on some level, whether through only one class online or a full time cyber educational experience. The program benefits the district both financially and educationally. Offering its own program decreases the number of students that leave the district for charter schools with the accompanying price tag to the district while at the same time increasing education choices and opportunities for the student body.

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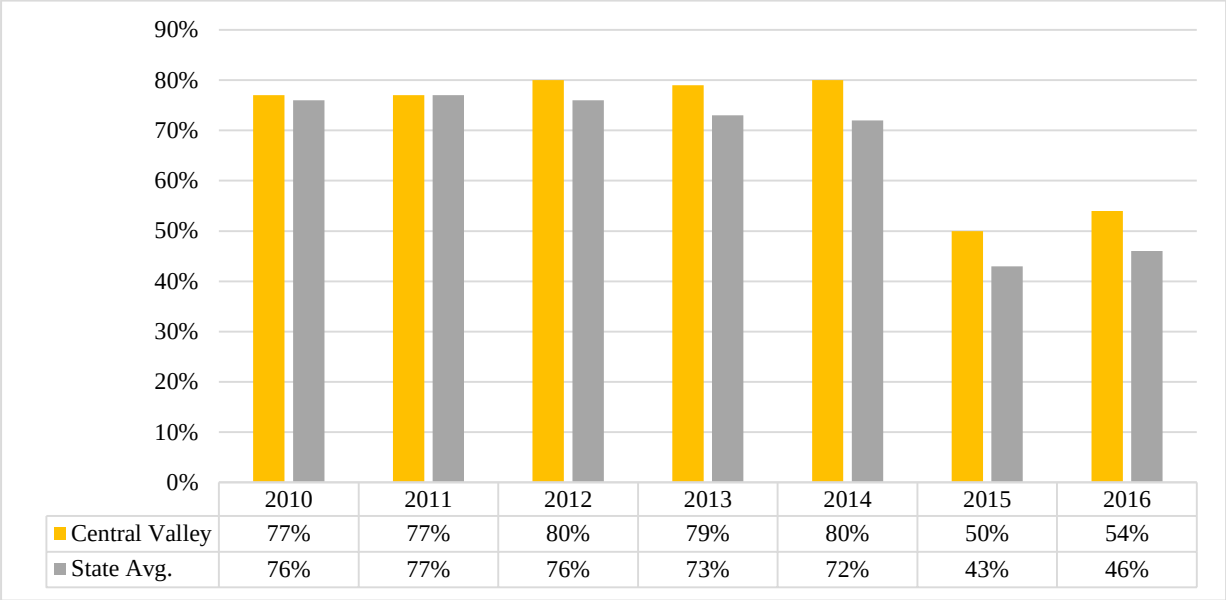
[164] Information provided to the Joint State Government Commission by Mr. Nicholas Perry, Superintendent at the Central Valley School District, in his personal e-mail of May 15, 2107.

[165] Information provided to the Joint State Government Commission by Mr. Nicholas Perry, Superintendent at the Central Valley School District, in a telephone conversation with JSGC staff on May 15, 2017.

[166] Central Valley School District 1:1 iPad Program, Parent Meeting July 23, 2014, available at http://www.centralvalleysd.org/Downloads/Parent%20Meeting%20Presentation.pdf (accessed March 8, 2017).

Percent of Students Proficient or Above in Math in Central Valley School District

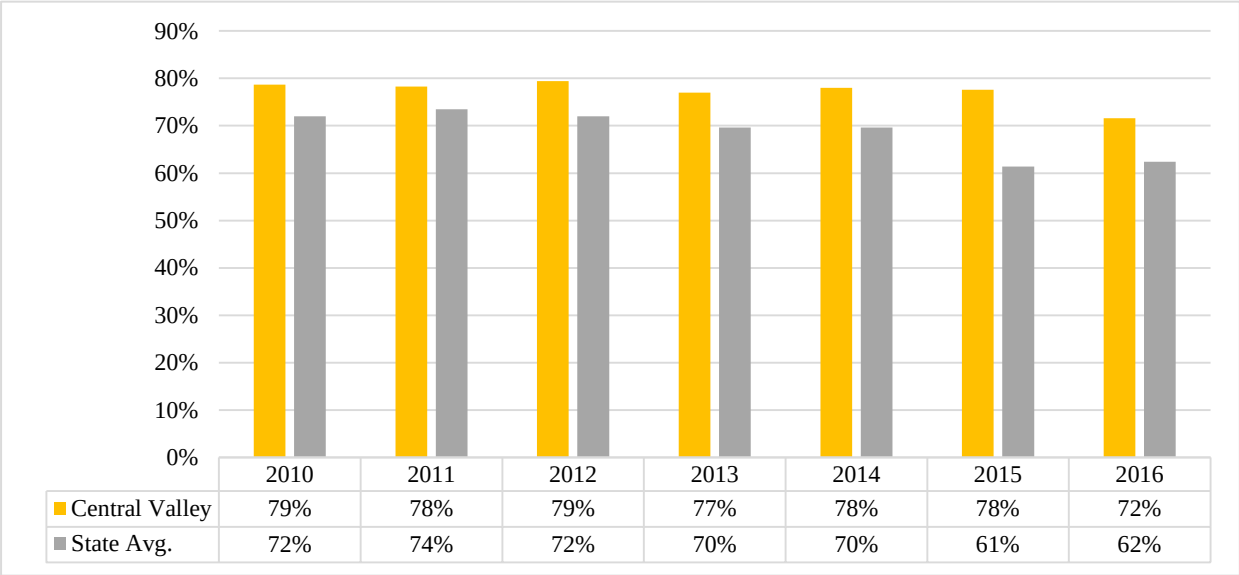


	2010	2011	2012	2013	2014	2015	2016
Central Valley	77%	77%	80%	79%	80%	50%	54%
State Avg.	76%	77%	76%	73%	72%	43%	46%

Source: Pennsylvania Department of Education (PDE). Analysis by the Joint State Government Commission (JSGC).

The charts above and below show the results of the combined school district's performance on the Math and Reading portions of the PSSA tests from 2010 through 2016. In math, the district is always at or above the statewide average in the years shown. Prior to the merger, more Center Area students achieved proficient or above than the statewide norm. While that percent comes down in 2010 and 2011, the two years after merger, it then proceeds to increase in the following five years, with many more students at Central Valley achieving proficient or above than in the statewide average.

Percent of Students Proficient or Above in Reading in Central Valley School District



	2010	2011	2012	2013	2014	2015	2016
Central Valley	79%	78%	79%	77%	78%	78%	72%
State Avg.	72%	74%	72%	70%	70%	61%	62%

Source: Pennsylvania Department of Education (PDE). Analysis by the Joint State Government Commission (JSGC)

The merger of the Monaca and Center Area School Districts remains unique as the only successful merger of Pennsylvania school districts since the 1960s. It highlights the complicated aspects of joining what are essentially two large businesses with many employees into one new cohesive business. All aspects of the merger were carried out while maintaining a functioning education system; moreover, with the goal of improving the education system. The hurdles to consolidating districts are large and varied: millage rates, staff salary schedules, school and community spirit, to name only a few of them. In Central Valley, each of these individual issues was approached with significant focus, protracted attention, and in some cases, additional help from the Commonwealth, whether that meant funding or statutory changes.

While structural consolidation can be an effective way of solving problems of some districts that are struggling both financially and academically and are willing to merge, in many cases a formal merger is either logistically impossible or unacceptable to local communities. It may also lead to more losses than gains. In such circumstances, it is important that districts look at alternative ways of collaboration to ensure they are working to maximum fiscal efficiency and provide best educational opportunities to their students. Research indicates that "through working with already established educational collaboratives and forming inter-local sharing compacts between neighboring districts, greater economies of scale can be created to expedite greater efficiencies in many aspects of educating students. Such areas as purchasing, maintenance, staff sharing, professional development, and curriculum programming should be explored."[167]

In its search for alternatives to legislatively mandated consolidation, the Massachusetts Small and Rural School District Task Force identified the following interventions:

1. Voluntary inter-local compacts should be actively pursued as an alternative to consolidation. Such compacts can assist schools in collaborating on a variety of cost sharing methods.

2. The educational collaboratives should take a bigger role in designing and maintaining structures of collaboration and greater fiscal efficiencies for schools.

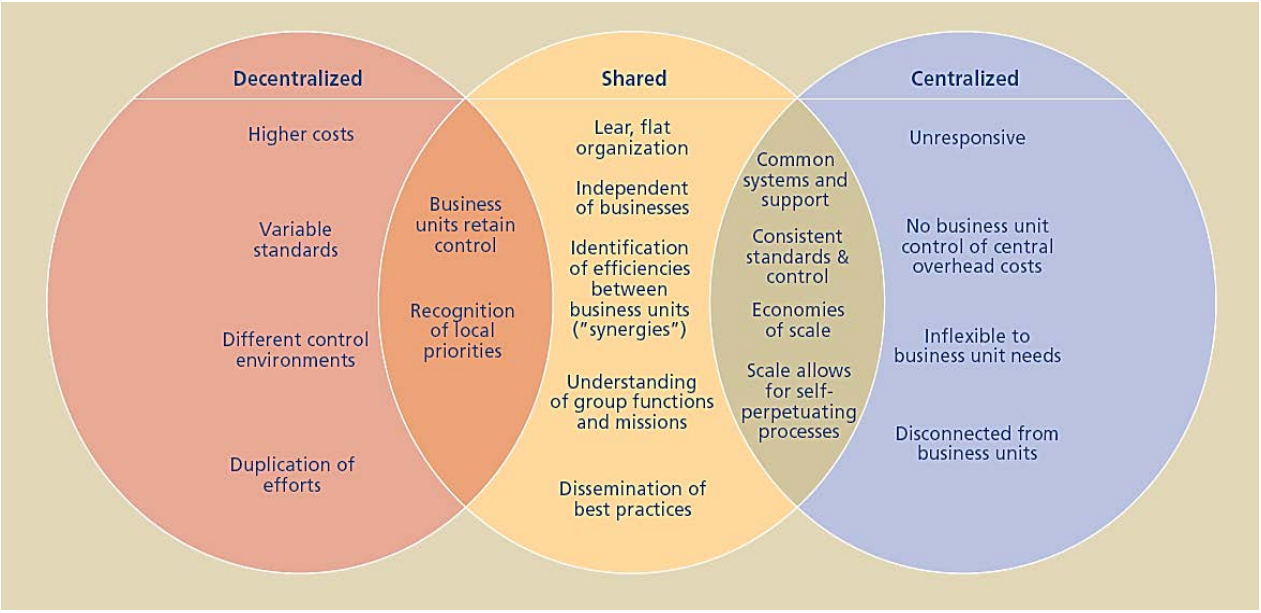
3. Technology should be better utilized to assist with collaboration. An electronic web-based clearing house as a kind of virtual collaborative could be created with support from the commonwealth to assist districts in coordinating many cost sharing ideas such as distance learning, shared professional development, data collection and analysis.[168]

An extensive and highly informative study on sharing services as a way for schools and school districts to save money was conducted by Deloitte. Deloitte researchers started with noting that in most states, a major part of education expenses – at least 40 cents of every dollar – "never makes in into the classroom" and is spent, instead, on business operations.[169] "The often high costs of providing these services, and the inefficient way in which they are often provided, has caused more and more state political leaders to call for school district consolidation" – a course

[167] Driscoll, Linda E. *The Effectiveness, Value, and Importance of Small School Districts: M.A.S.S. Small and Rural School District Task Force Report.* Amherst, MA. September 2008, available at http://www.amherstma.gov/DocumentCenter/Home/View/18377 (accessed July 22, 2016).
[168] Ibid.
[169] Eggers, William D. et al. *Driving More Money into the Classroom: The Promise of Shared Services.* Deloitte Research; The Reason Foundation, available at https://www.oesca.org/pages/uploaded_files/DELOITTE%20DTT_DR_SS_Education_Nov05%281%29.pdf (accessed May 18, 2017).

pursued with the goal to take advantage of economies of scale and reduce these costs, which Deloitte finds quite reasonable.[170] Deloitte researchers acknowledge, however, that consolidation can also have serious downsides: "it is politically unpopular, reduces local control, can negatively impact educational outcomes, and eventually can lead to even higher costs due to the dead-weight of bureaucracy."[171] Those potential downsides were discussed in detail earlier, in the previous chapters of this report. The solution that Deloitte strongly recommends is implementing shared services. This is an option which, in the authors' view, can provide the best of both worlds: "to educate students like a small district and still have the economies of scale and buying power of a large district."[172] It is also an option available to all kinds of districts: "Small districts can band together to share everything from transportation services to building gymnasiums, creating the purchasing power and economies of scale of medium-sized districts. Large districts can organize their individual schools into smaller clusters and still benefit by sharing services internally. Charter schools can purchase administrative services from school districts or other charter schools. Districts of all sizes can participate in agreements that improve the quality of their staff and internal capacities."[173]

Shared Services:
The Best Centralized and Decentralized



Source: Deloitte. *Driving More Money into the Classroom: The Promise of Shared Services.*

[170] Ibid.
[171] Ibid.
[172] Ibid.
[173] Ibid.

The list of potential partners for shared services suggested by Deloitte is broad and varied:

- Other school districts
- Other schools (especially for large school districts)
- Universities and colleges
- Businesses
- Municipalities
- Nonprofits
- Community health and/or service centers.[174]

Deloitte's findings clearly indicate that "shared services can yield very real operational efficiencies around facilities, transportation, food service, real estate management, procurement, human resources, information technology, security and even instruction."[175]

According to Deloitte, sharing services can allow districts to save significant amounts of money due to diminished administrative and development costs, reduced redundancy, lower personnel costs, and even revenue from sales of surplus assets.[176] It also offers other important advantages such as improved quality of services. The Deloitte research study highlights seven benefits of sharing services:

1. Save money
2. Gain economies of scale
3. Standardize processes
4. Attract more highly qualified staff
5. Retain local control and achieve scale
6. Flatten out peaks and troughs
7. Less political opposition.[177]

In order to encourage districts to share resources and, thus, reduce costs, state legislators can use budget pressure. They need to ensure that laws and regulations do not limit the ability of districts to share resources or establish partnerships with municipalities and the private sector. State legislators can "make shared services a more attractive option to communities by providing incentives and inducements to school districts, including financial assistance for study and startup of shared services agreements."[178] States can also offer technical assistance. Smaller districts often have "limited capacities in the realm of contract development, process improvement and

[174] Ibid.
[175] Ibid.
[176] Ibid.
[177] Ibid.
[178] Ibid.

management design, large-scale business proposals, contract management, and performance measurement."[179]

Many school districts in Pennsylvania are already engaged in sharing services in a variety of areas. These efforts should be supported and promulgated.

A study on the feasibility of consolidating school services performed by the Office of Performance Evaluations of the Idaho Legislature identified three service areas where the state and districts could benefit from consolidation: purchasing of supplies and materials, professional development, and pupil transportation.[180] The report recommended that the Idaho Department of Education assist districts in developing and implementing ways to consolidate services in these areas.[181] Other areas identified as feasible for consolidation were health insurance and special education support services. The analysts, however, acknowledged that the consolidation of services alone would not be enough "to find significant savings for the state or districts."[182] The single greatest category of expenditures is salaries for teachers, principals, superintendents, and other district and school employees. This category was purposefully excluded from the study. The authors opined that a review of these major expenditure areas could "lead to a discussion of the feasibility of consolidating district administration or districts themselves."[183]

Fortunately, in services consolidation efforts, Pennsylvania is ahead of Idaho and many other states.

Intermediate Units

If a full-scale merger, or structural consolidation of two school districts, is often perceived as undesirable or even impossible by local communities, pulling together resources and collaborating in multiple areas, or functional consolidation, is a much more palatable alternative solution and receives more interest and warmer welcome.

In the Commonwealth, a natural vehicle for such collaboration already exists in the form of intermediate units (IU). Intermediate units were established by Act 102 of the Pennsylvania General Assembly.[184] Act 102 delineated the boundaries for each intermediate unit, assigned every school district to an intermediate unit, established a system of governance and a mechanism for funding intermediate units, and identified a range of services intermediate units may provide, from curriculum development, instructional improvement, and continuing professional development, to management services and instructional development services (technology).

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[179] Ibid.
[180] Office of Performance Evaluations, Idaho Legislature. *Feasibility of School District Services Consolidation*: *Evaluation Report.* Boise, Idaho: Office of Performance Evaluations, February 2009, available at https://legislature.idaho.gov/wp-content/uploads/OPE/Reports/r0904.pdf (accessed August 18, 2016).
[181] Ibid.
[182] Ibid.
[183] Ibid.
[184] Act of May 4, 1970 (P.L.311, No.102), amending the Public School Code of 1949, Article IX-A. 24 P.S. § 9-901-a et seq.

At the beginning, IUs were focused on providing special education to students who need it and transporting those students to their place of instruction. With time, the scope of offered services broadened, to include training and various operational services. Today 29 intermediate units in Pennsylvania provide a wide array of services that help school districts to offer high-quality education in a more cost-effective way. They deliver educator training regionally and virtually, which improves instruction at the lowest possible cost. Training is often provided in partnership with PDE. Via purchasing consortia, IUs save school districts money for health insurance, energy, transportation, computers, software, and office supplies. Some IUs serve as a transportation provider for all districts in its area, for both special education and regular students. Occasionally, an IU executive director may serve as a superintendent when a district needs it temporarily or provide other assistance in a crisis.

A good example of an IU's assistance in a school district crisis was a recent situation in Reading, when that school district was experiencing serious problems and was facing a possibility of a state takeover or state control. In the spring of 2013, PDE informed the Reading School District that it was designated in Financial Status Watch, based on a deterioration in fund balance ratio, the market value/personal income aid ratio, and the fact that the City of Reading was declared financially distressed pursuant to Act 47 of 1987.[185] When the Berks County Intermediate Unit (IU 14) became aware of the circumstances, it immediately approached PDE and offered assistance. PDE made an agreement with the school board and engaged IU 14 to assess and stabilize the district's finances and to look at the students' academic achievement. After a thorough investigation and analysis of procedures at the district business office, the IU 14's chief financial officer was able to find a way to improve the operations. Under his guidance, the district put systems and controls in place and established systems for oversight. To improve academic achievement, IU 14 provided technical assistance and training to over twenty schools the district managed. IU 14 staff met with principals and teachers on a monthly basis. IU 14 placed an administrator on site for special education and offered help with alternative education. The IU 14 executive director temporarily served as acting superintendent while the district was conducting a search for a new superintendent. The essential problems were resolved, and no state takeover was required.[186]

Intermediate units operate differently from one another and offer varying programs and services. Data collected by the Pennsylvania Association of Intermediate Units (PAIU) highlights the breadth of their work and the scope of their contribution. Based on surveys of intermediate units it conducted in the past two years, PAIU highlighted the following achievements in several areas.[187]

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[185] Pennsylvania Department of Education. *Letter to Mr. Robert Heebner, Jr., School Board President, c/o Superintendent's Office*. March 15, 2013, available at http://www.education.pa.gov/Documents/Teachers-Administrators/School%20Finances/Financial%20Recovery%20for%20School%20Districts/Reading%20SD%20Financial%20Watch%20Letter.pdf (accessed March 3, 2013).

[186] Information was provided to the Joint State Government Commission by Dr. Jill Hackman, Executive Director of IU 14, and Mr. Carl Blessing, Assistant Executive Director and Chief Executive Officer, in a telephone conversation on February 22, 2017.

[187] Data provided to the Joint State Government Commission by Mr. Thomas E. Gluck, Executive Director of the Pennsylvania Association of Intermediate Units, on November 11, 2016.

Special Education

School districts throughout the Commonwealth turn to intermediate units to deliver instruction to students with various special needs. By providing services for such students across school districts, IUs are able to use instructors with special expertise to meet students' needs while helping districts achieve economies of scale.

- Autism: nearly 3,500 students served
- Multiple disabilities: over 3,000 students served
- Occupational therapy, physical therapy, and/or speech therapy: over 20,000 students served
  - over 5,000 students in non-public schools served as well
- Psychological services: over 11,000 students served
  - nearly 2,500 at non-public schools also served
- Vision services: 1,640 students served

Early Childhood Education

IUs are partnering with school districts and early childhood providers to create high-quality programs for Pennsylvania children; many of them take advantage of available federal grants. Twenty-six (out of twenty-nine) IUs are pre-school early intervention providers, serving over 53,000 children.

Online Learning

IUs are providing leadership with and for school districts in creating online opportunities for students.[188]

- 23 IUs offering online courses
- Nearly 5,000 unique courses with enrolled students
- Over 15,000 students enrolled
- IUs support nearly 200 districts in implementing hybrid/blended learning
  - also 25 non-public schools

[188] As online learning is a growing area and is especially relevant in the discussion of alternative solutions to school districts' consolidation, it is discussed in more detail below.

Other Programs

In addition to three major areas of cooperation listed above, IUs help schools, through a range of programs, meet common challenges, comply with state requirements, and provide services that would be too costly for districts to provide on their own. Examples of such programs are the following:

- Substitute teachers: over 3,200 trained and placed in districts/IU classrooms
- Fingerprint background checks: 47,140 processed
- Driver's education: provided to 4,500 young drivers

Purchasing Consortia

Intermediate units are helping school districts leverage their collective purchasing power in areas that are major school district cost drivers. Notable examples follow:

- 346 school districts participate in health insurance consortia operated by IUs

- Over 250 school districts participate in energy purchasing consortia operated by IUs
  - electricity savings = $8.5 million
  - natural gas savings = $4.3 million
  - heating oil savings = $1.7 million
  - diesel/unleaded gas savings = $6.3 million
  - total energy savings = $20.8 million

- IUs provided special education transportation for nearly 15,000 students from over 470 districts, charters, non-public school students

- Other purchasing
  - janitorial supplies – 150 entities saved $3.5 million
  - classroom supplies – 175 entities saved $1.4 million
  - paper – 320 entities saved $3.8 million

Professional Development

PDE turns to IUs to help with implementation of priority education initiatives. Pennsylvania's intermediate units have the reach to support that implementation statewide.

- Student data analysis: 450 entities and 11,300 educators
- Instructional technology: 600 entities (140 non-public schools) and 9,000 educators
- Curriculum development: 550 entities and 9,500 educators
- Teacher evaluation training: 540 entities and nearly 15,000 educators

- Principal evaluation training: 420 entities and 4,600 educators
- Academic standards training and support: 579 entities and 14,300 educators
- Assessments training and support: 530 entities and 6,800 educators

The kind and scope of shared services school districts receive from intermediate units continue to evolve.

A 2013 "Report of the Fiscal Responsibility Task Force" published by the Pennsylvania Institute of Certified Public Accountants (PICPA) raised questions regarding the efficiency of IUs providing services to their member school districts in exchange for fees. The study questioned "the administrative efficiency of this practice due to the additional occupancy and administrative costs incurred at the IU level for services that could potentially be provided directly by the school districts in a more cost-effective manner."[189] In its search for efficiencies and streamlining state government, the task force suggested evaluating the current structure and use of IUs "to determine if they could be optimized to achieve efficiencies by providing shared administrative services, additional bidding and purchasing services, or other consolidated offerings."[190]

Unlike some other states, the Commonwealth does not mandate that school districts use shared services. Both IUs and school districts find this policy appropriate. School districts have an ability to choose whether utilizing an IU for a particular service is beneficial to them. Intermediate units believe that if they are offering a service that is of value and affordable for the school districts, the latter will be willing to take advantage of this opportunity.

When the Joint State Government Commission conducted a survey of high-performing and low-spending school districts in 2010, the survey revealed a noticeable variety in solutions that would be most beneficial to different kinds of districts.

The results of the survey indicated larger school districts would be well-advised to consider providing employee benefits, auxiliary services and special education programs and services in-house rather than through consortia arrangements. Smaller school districts are more likely to enjoy cost savings from outsourcing or collaborating with other entities to provide these programs and services. The survey results clearly demonstrate a need for districts to regularly reevaluate whether it is a more cost-effective use of tax dollars to provide programs and service in-house or contract out with other providers.[191]

Obviously, the quality of programs and services provided also needs to be taken into account.

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[189] Pennsylvania Institute of Certified Public Accountants (PICPA). *Report of the Fiscal Responsibility Task Force.* February 2013, available at https://www.picpa.org/docs/site/advocacydoc/FRTF/2013fiscalresponsibilitytaskforce-report.pdf?sfvrsn=2 (accessed January 5, 2017).

[190] Ibid.

[191] Joint State Government Commission. *High-Performing and Low-Spending School Districts: Best Practices and Other Factors. Pursuant to Senate Resolution 243 of 2010*. Harrisburg, PA: Joint State Government Commission, 2010.

Consolidated services can save money in purchasing and administrative structure. For example, if IT services were consolidated at the IU level instead of each district providing them separately, there could be one technical director instead of a dozen or more; the same could, in many cases, be done with special education, human resources, payroll, and other services.

The representatives of the Pennsylvania Association of Intermediate Units confirmed their willingness to consider expanding the range of IUs' services as a means to help school districts achieve better efficiency through functional consolidation. It would be helpful if the state continued to provide some funding for the shared services initiative by offering grant programs.[192]

One area of collaboration that has been expanding exponentially and that appears to be of a particular prominence in the discussion of school districts' consolidation is online learning. One of the major reasons for school districts to merge is the inability of a small and/or geographically isolated school district to offer its students courses at an adequate level of variety and depth. As many schools are discovering today, this challenge can be successfully met to a large degree by online learning. Recognizing a growing role of virtual learning in education today in general and specific needs of local school districts, Pennsylvania intermediate units have established a network of affordable, high-quality online learning options throughout the Commonwealth. Many schools and small school districts lack technological savvy and financial expertise to compare, evaluate and support various online learning options. IU experts can do that. IU online programs allow students to stay enrolled in their home districts and provide districts with a lower cost alternative to cyber charter school tuition.

Students choose online learning for various reasons, such as their preferred learning styles, extended medical absence or scheduling conflicts. Some may want to take one or two courses online to supplement their basic curriculum. IUs partner with school districts to meet students' individualized needs in several ways:

1. Providing part-time online learning in addition to the traditional classroom;

2. Creating specialized instruction for students in need of remediation and/or with behavioral challenges;

3. Delivering courses that districts might not be able to afford to offer due to their specialized nature or low student enrollment; and,

4. Offering temporary online learning due to students' personal and/or family circumstances.[193]

[192] Mr. Thomas E. Gluck, PAIU Executive Director. Telephone conversation with the Joint State Government Commission staff on January 12, 2017.

[193] Pennsylvania Association of Intermediate Units. *Education Solutions for Students, Schools and Communities: Intermediate Unit Online Learning Programs.* October 2016. P. 2.

In its partnership with school districts, IUs generally follow one of the three models:

1. The district and the IU work together to create online course content and use school district and/or IU faculty to teach;

2. The IU uses its purchasing power to leverage discounted pricing for online course content and instruction from third-party online learning companies; and,

3. A program that combines elements of the two models.[194]

The Pennsylvania Association of Intermediate Units highlights the following advantages of its online learning programs compared to other options, such as charter schools:

Students continue to be a part of their school communities

Because students remain enrolled in their school districts, they have the option to participate in extracurricular and co-curricular activities. The have access to school guidance counselors and other school services, and they receive their diplomas from their home district.

Maximum flexibility for students and schools

With IU online learning programs, students have the flexibility to take one or all of their courses online. Students seeking academic remediation or enrichment, or students that have special personal circumstances can take advantage of the opportunity to do coursework online while remaining with their districts.

Affordable solutions for school districts

Due to the participation of multiple districts, IUs can negotiate preferred pricing from online providers of course content, and computer and software companies.

By being in partnership with the districts they serve, IU online learning programs keep tuition rates affordable for districts and taxpayers. The range of average tuition rates offered by IUs is far lower that the range of average rates offered by traditional cyber charter schools. In fact, the most expensive IU program is still 37 percent less expensive than the cheapest Pennsylvania cyber charter school tuition.

[194] Ibid.

Leveraging existing resources

IU online learning programs utilize existing IU and district resources to provide an online learning experience for students that is affordable to the districts, and truly supportive of students. Working together with districts, IU online learning programs

- ✓ Combine human resources, technology and business services to operate its programs;
- ✓ Utilize existing IU special education and curriculum staff; and
- ✓ Regularly convene IU administrators, school superintendents, curriculum directors, business managers, HR directors, and special education supervisors in order to stay abreast of the districts' and students' needs, concerns and challenges.[195]

To understand the scope and variety of online instruction conducted by Pennsylvania IUs, the Joint State Government Commission, with the help of PAIU Executive Director Thomas E. Gluck, organized a teleconference with the leaders of online programs from Allegheny County, Capital Area, Chester County, and Montgomery County. Online learning programs utilize different models. Some offer vendor-created courses; other have programs prepared by IU or SD own teachers. School districts have a lot of flexibility in deciding what would work out better for them. All programs provide options of both full-time and part-time online instruction.

Turning to IUs for providing virtual learning opportunities to their students offers SDs a number of important advantages. First of all, school districts may not know how to set policies and procedures for online learning. IUs already have expertise in this area. Thanks to their experience, IUs can test, select and monitor vendors, and explore various curricula, thus ensuring better success. They know how to implement such programs. They also provide equipment, such as computers, Internet reimbursement, et cetera, along with centralized desk help technical support. IUs offer an extra layer of academic support to students, each of whom is assigned a mentor or a teaching assistant (the position is called differently in different programs), who works closely with the student, helping him or her to plan his or her work, monitoring progress, and addressing any emerging difficulties. Such additional assistance is especially important with virtual learning as it puts a lot of personal responsibility on the student and involves a lot of work.

Online learning programs are very helpful to students with special needs as they make modifications easier; for example, programs can be adjusted to allow for extended time, modified test formats, or a text-to-speech option. In the view of the leaders of online learning programs who participated in the teleconference, the greatest benefits of these programs are expanding academic options for students, whether for AP, credit recovery, remediation, or simply scheduling difficulties, and more choices for families as the student can stay within his school district and participate in the community life while at the same time gaining access to a significantly broader course catalog.[196] Challenges include the need for both students and parents to understand the

[195] Pennsylvania Association of Intermediate Units. *Education Solutions for Students, Schools and Communities: Intermediate Unit Online Learning Programs.* October 2016. P. 3.
[196] The Joist State Government Commission teleconference with IU representatives on December 12, 2016.

amount of work virtual learning requires and a higher level of responsibility. A different kind of challenge is meeting attendance requirements as currently stipulated by the law. Most experts on online learning believe that the optimal arrangement is a combination of brick-and-mortar and virtual education. IUs continue to engage and interact with school districts in order to develop new and better ways to bring online learning opportunities to students.

Transportation

Student transportation constitutes a hefty segment of a school district's expenses; it becomes an important factor in any consolidation decision. The obvious aspect is the time students, especially young students, would need to spend on the bus. Most parents would accept one hour one way as the maximum time they are willing to let their children ride a bus. Long commutes to and from school have also been "associated with decreased parental involvement, lower grades, and lower student extracurricular participation."[197] Transportation presents a significant challenge to consolidation, particularly in rural districts.

The LBFC's "Study of the Cost-Effectiveness of Consolidating Pennsylvania School Districts" performed by Standard & Poor's incorporates a detailed section on transportation costs in case of combining two or more districts. The authors note that "the potential impact of school district consolidation on transportation expenditures is particularly difficult to model based only on enrollment, because economies of scale where transportation is concerned are determined more by cost per mile driven, not just by cost per student transported."[198] According to the report, "consolidation's impact on the transportation expenditures of two or more school districts would depend on these important variables:

- Whether or not any of their schools would be closed;
- Whether or not the attendance zones of any of their schools would be changed, regardless of whether any of their schools are closed;
- Whether or not the grade levels served at any of their schools would be changed;
- The geographic expanse of the newly formed district;
- Its effect on the length and number of transportation routes;
- Its effect on the number of vehicles and drivers needed; and
- The number of miles driven."[199]

[197] Rooney, Kathryn and John Augenblick. *An Exploration of District Consolidation*. Denver, CO: Augenblick, Palaich and Associates, Inc. May 2009, available at http://apaconsulting.net/~apa/wp-content/uploads/2014/06/16-co-district-consolidation.pdf (accessed July 20, 2016).
[198] Standard and Poor's School Evaluation Services, prepared for Legislative Budget and Finance Committee. *Study of the Cost-Effectiveness of Consolidating Pennsylvania School Districts*. Harrisburg, PA: Legislative Budget and Finance Committee, June 2007. Part I. P. 40.
[199] Ibid.

In any merger or consolidation plans, all these factors need to be taken into account and the effects this step would have on transportation should be assessed based on local circumstances.

Absent formal district consolidation, there are a variety of ways school districts may consider in order to cut their transportation costs and improve the transportation services they provide to their students. Currently, school districts in Pennsylvania utilize a variety of transportation arrangements, often involving intermediate units (IUs).

Intermediate units appear to be a natural place to anchor transportation arrangements and often are successful. There are, however, concerns that because IUs can pass on costs to school districts, they do not have a sufficient incentive to decrease costs. If districts believe they can secure transportation at a lower cost on their own, there is no motivation for them to go through the intermediate unit.

The state reimbursement formula for transportation costs is complex. It includes a variety of factors; it takes into account such factors as how many buses are less than five years old, whether buses carry 75 students per bus, whether they cover more miles with students on board than without them, and others. As the state reimbursement is one of the driving factors affecting transportation arrangements, some transportation managers have opined that the state reimbursement formula may deserve a review as reimbursement calculation does not always reflect actual costs and as certain inconsistencies in the formula may affect consolidation efforts decisions.[200]

Combining transportation systems can be impeded by different levels of departmental requirements and expectations coming from the public.[201] In some school districts, parents expect and demand three cameras on each bus and buses no older than five years, while in others, school boards are willing to allow use of older buses if it saves costs. Some school districts allow musical instruments and sports equipment on their buses, and others do not. Different bell time is a common stumbling block.

Sometimes attempts at wider consolidation of transportation services may encounter serious difficulties or even end up in failure due to poor consulting or to underestimates of varying local conditions (for example, Berks County attempt at creating IU-wide transportation system for all school districts, Montgomery County attempt at establishing a consortium for transporting students to non-public schools).

When consolidating transportation services is considered, geography comes into play. The location of a bus depot is an important factor. Large conglomerates may add certain efficiencies, but not in all ways: if buses have to cover long distances without students on board, it becomes inefficient.

[200] Information received at the Joint State Government Commission staff meeting with transportation managers and PASBO experts on September 19, 2016.
[201] Ibid.

Potential challenges can also be political in nature. If large transportation conglomerates step in to take the place of small local providers, who have been transporting local children for years, the public may be reluctant to approve of such a deal.

In spite of various hurdles and possible legal impasses, consolidating transportation services can produce significant benefits. An important goal of consolidating transportation services is not only combining costs but ensuring a higher level of services. A good example of this is special education transportation. It can be effectively arranged through intermediate units as special education students often go to centralized special programs. Transporting them all together offers the advantages of both cost efficiency and better prepared staff who have special expertise of working with such students.

There are different forms and levels of consolidating transportation services. Cooperative bid arrangements may be a more flexible alternative to full-scale consolidation. School districts may organize these directly or through intermediate units. They would agree to certain terms, such as utilizing buses no older than five years and putting 75 students on a bus. Participation in these agreements can be partial. Piggy-back bidding, especially for private schools, Career and Technology Centers (CTCs), and technical schools may be a good option.

Experts in student transportation point out that there exist tremendous opportunities for cooperating.[202] The level of expertise varies greatly from one school district to another. Small rural districts, in particular, often renew old contracts and pay bills, without even looking at efficiency. It may be in contractors' best interest to travel more miles, or they may lack the technology to choose efficient routes. School districts should have a system of requirements. One of these must be a monitoring system. Present-day technology, in the format of GPS, provides an opportunity for constant monitoring, constantly tracking speed, and registering idle time. Computer technology can be used to monitor financial issues: diesel fuel and gasoline costs, wear-and-tear on the bus, as well as pollution factors.

An efficacious coordinated system based on contemporary software can help avoid numerous inefficiencies and curtail accident risks. For example, a school district may have three or four buses on the same roads, paying for miles to each of them, in addition to accumulating wear-and-tear on each of these buses and facing inflated accident risks. To consolidate and stop buses from overlapping is a significant cost-cutting measure as it allows to cut routes and reduce several other challenges. School buses are very expensive, and there is a shortage of qualified drivers throughout the state. Consolidation provides additional opportunities for drivers' professional development. Drivers should be educated on various problems children may be facing and on ways to handle them.

[202] Ibid.

A transportation expert placed in each of the Commonwealth's intermediate units could pass on valuable expertise to all school districts. That person could also be responsible for monitoring maintenance on all the buses, to ensure safety and efficiency.

Bidding for routes and bidding for contracts is not an easy task; it requires a certain expertise that not all school districts have. An expert at the intermediate unit or a pool of people at the state level may be able to help. A state-wide effort may be a key to success.

Any successful consolidation attempt will be based on the awareness of existing barriers such as a lack of uniform schedule and unwillingness of school districts to modify their calendar and start times. Many schools, private schools in particular, refuse to change their bell schedule, which necessitates sending separate buses to accommodate their students. Political hurdles also need to be recognized and addressed. If this is done, consolidating transportation services can achieve its dual goal of cost savings and improved level of services.

Contractual Agreements: Tuition and Administration

When a district is facing challenges such as a continuously diminishing number of students but structural consolidation is impossible or undesirable, other ways of academic collaboration can be effective. These can be broadly categorized as "tuitioning out," or tuition contracts. Those exist in a variety of forms; some turn out to be more successful than others. PASBO member Scott A. Antoline, who was the Business Manager at the Center Area School District during its talks on consolidation with Monaca and highly approves of the Center Area/Monaca merger, opined that such mergers would probably not be the norm. He said, "I believe secondary tuition plans similar to Midland/Beaver and Wilkinsburg/Pittsburgh Public would be a better fit in most cases. It is a savings and revenue generating model that makes immediate sense when the sending school is small and the receiving school has space and available class seats with existing staff in place."[203]

The following case studies of several Pennsylvania school districts illustrate how tuitioning out can proceed and what measures can make it run more smoothly and bring better outcomes.

[203] Pennsylvania Association of School Business Officials. "School Consolidation: Is It For You?" *PASBO Report*. Vol. 2. No. 12. June 2016, available at http://file2.pasbo.org/PR/PRJune2016.pdf (accessed July 7, 2016).

The Pottsville Area and Saint Clair Area School Districts

The Pottsville Area and Saint Clair Area School Districts are located in Schuylkill County. The Pottsville Area SD is a midsized school district, with the population of slightly over 20,000 people and the square mileage of 12.236 square miles.[204] The Saint Clair Area SD is a small school district: its population is 6,695, and it encompasses 47.484 square miles.[205] The Pottsville Area SD's ADM is 2,725.015 while the Saint Clair's is significantly less – 761.444.[206]

[204] Data presented by PDE, based on the 2010 U.S. Census (accessed June 22, 2017).
[205] Data presented by PDE, based on the 2010 U.S. Census (accessed June 22, 2017).
[206] AFR Data: Summary-Level Expenditure Data for School Districts, Career and Technology Centers, and Charter Schools, available at http://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Summary-Level.aspx#.VZvrX2XD-Uk (accessed May 22, 2017).

Currently, the Saint Clair Area SD operates one school that provides kindergarten through 8th grade. High school students – an average of 200 students in grades 9 through 12 per year – attend Pottsville High School. The Saint Clair Area School District pays tuition and provides transportation for its students to and from the Pottsville Area School District High School. The Pottsville Area and Saint Clair Area School Districts have had a tuition agreement in place since 1989. The initial agreement was driven by decreasing enrollments in both districts.

The Saint Clair SD was facing difficulties not only in the area of finances but also in academics. In October 2015, Pennsylvania Auditor General DiPasquale listed its school (St. Clair Area EL/MS) among the 561 academically challenged schools that have been overlooked by the Department of Education.[207] In the opinion of the Auditor General, these struggling schools, facing ongoing challenges, have not received the necessary targeted professional assistance from PDE.[208] Saint Clair's strong points include a well-developed program for hearing-impaired students, with an extensive, experienced, and caring staff. When consolidation plans were discussed, a possible loss of this program was one of the parents' concerns. The Saint Clair Area SD provides taxpayer-funded musical instrument lessons, and there is a school band.

In the past few years, the districts considered merging. In March 2014, officials from the Pottsville Area SD and the Saint Clair Area SD announced their plans to hire a firm to study the feasibility of a merger. The Civic Research Alliance from Mechanicsburg, PA, conducted the study. It was unveiled in February, 2015, via the both districts' websites.[209] The Commonwealth partially paid for the report.

[207] Pennsylvania Auditor General Office. *561 Academically Challenged Schools Overlooked by the Department of Education*, Harrisburg, PA, October 6, 2015, available at http://www.paauditor.gov/Media/Default/Print/2015/PDE_Map_School_List_By_County_100515_FINAL-UPDATED-100815.pdf (accessed June 26, 2017).

[208] Pennsylvania Auditor General Office. *Special Performance Audit Report – Pennsylvania Department of Education*. Harrisburg, PA, October 7, 2015, available at http://www.paauditor.gov/Media/Default/Reports/Performance%20Audit%20of%20the%20Pennsylvania%20Department%20of%20Education%2010-5-15.pdf (accessed June 26, 2017).

[209] Pytak, Stephen J. "Saint Clair Area, Pottsville Area to Hold Meetings Wednesday on High School Program." *The Republican Herald*. October 6, 2015, available at http://republicanherald.com/news/saint-clair-area-pottsville-area-to-hold-meetings-wednesday-on-high-school-program-1.1953608 (accessed February 3, 2017).

The feasibility study presented a set of viable options for consideration of the respective school boards. The authors emphasized the term "viable options," stating that "first and foremost, all options focus upon students and their educational needs. Other considerations, such as cost savings, curriculum matters, and school building capacity renovations are analyzed but with the rationale that they support the best educational program possible."[210] The analysts explained that they regarded options not viable if they would require, for instance, raising taxes in one existing school district to support a combined effort, or if they would negatively affect the existing educational programs, require larger class sizes, fewer course offerings, or significant changes to existing collective bargaining agreements.[211] An approach based on such premises appears reasonable and should probably be emulated in similar feasibility studies.

The Pottsville Area SD and the Saint Clair Area SD are adjacent; they have similar community demographics, with similar levels of wealth in terms of family income and property values (hence, a comparable tax base) as well as similar enrollment trends. The tenability of a physical merger in this case was enhanced by a twenty-five year history of providing a joint high-school program.

Based on their findings, the feasibility study identified two primary options. The first (and, in the analysts' view, best) option was a full physical merger of the two existing school districts. The second was extending tuition for all students in the Saint Clair School District to attend another district. The report outlined advantages and challenges for both options. If the first option were selected, a merged district would have included twelve municipalities with about 3,500 students attending four school buildings, which is an average-sized district in Pennsylvania.[212] If the second option were pursued, most consequences would fall upon the Saint Clair Area SD, which "would have no students and its primary purpose would be collecting taxes to pay tuition for its students attending other school districts"; there would also be considerable transportation expenses.[213]

[210] Civic Research Alliance; Pennsylvania Economy League, Central Office; Thompson Associates Architects and Planners. *Feasibility Study for a Merged School District Submitted to the Board of Directors of Pottsville Area School District And Saint Clair Area School District.* Mechanicsburg, PA, March 2015, available at http://www.saintclairsd.org/EXECUTIVE%20SUMMARY%20FEASIBILITY%20STUDY%20Pottsville%20St.%20Clair.docx (accessed February 3, 2017).
[211] Ibid.
[212] Ibid.
[213] Ibid.

The feasibility study summarized general challenges and benefits for a merged school district (its option #1) in the following table:[214]

Opportunities and Challenges of a Merged School District	
Opportunities	**Challenges**
Combining of districts offers: • *Long-term* cost savings by avoiding new construction or building renovations; further, the cost of future construction/renovation per student is lowered through economics of scale • An increased attention to exceptional students of all types (challenged, disabled, advanced, talented, etc.) • Expanded academic and student support programs that combine the very best of each existing district's instructional program • An ability to operate within a common tax base structure that includes twelve municipalities; a larger tax base brings increased stability of that tax base	Physical combining of districts is challenged by: • Any public perception that all communities and schools have not been treated fairly in the merger of districts (no one benefits more than others) • The necessity for the merged district to negotiate differing salary scales contained in professional or staff collective bargaining agreements • The need to smooth and equalize millage differences that currently exist in each district in order to equally tax all residents in a combined district • Establishing a common schedule and identifying a single scheduling program • Parents who may pursue other schools rather than remain in a merged district

[214] Ibid.

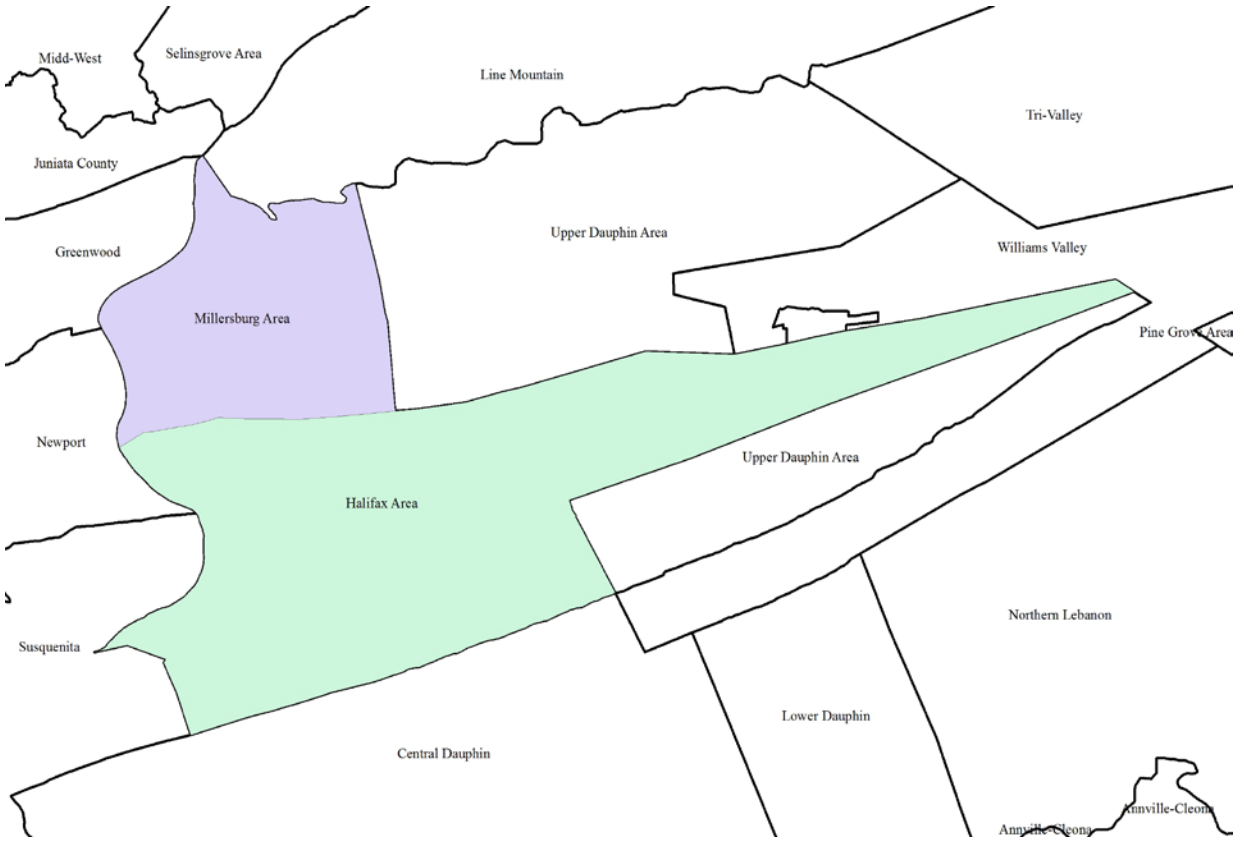
Though the feasibility study determined that a physical merger was possible, and indeed, preferable, the decision was not to merge. The plan was rejected by the Pottsville Area School Board.[215] The Pottsville Area's main concerns revolved around finances, mostly the prospect of shouldering Saint Clair Area's sizable outstanding debt and school employees' retirement issues.[216] Irrespective of the outcome, a positive aspect of the merger conversations was the focus on the curriculum, which should benefit the students. When the merger did not pass, a one-year tuition agreement was made for the 2015-16 school year. Meanwhile, the Saint Clair Area SD, considering various options for the future of its high-school students, sent requests for proposals to several neighboring school districts. By June 30, it received three offers: from North Schuylkill, Pottsville Area, and Schuylkill Haven Area SDs. In August, the Saint Clair Area school board posted summaries of the proposals on its website, offering them for the public discussion. At the time, the Pottsville Area SD's offer was the most expensive of the three. In late September, however, Pottsville Area came with a more competitive offer, and eventually, a 10-year tuition pact was signed for a flat rate of $1.6 million a year, starting with the 2016-17 school year. [217] After thanking the other two school districts that also sent their proposals to accept Saint Clair Area high school students, Jason Bendle, superintendent/principal of the Saint Clair Area Elementary/Middle School observed, "The Request for Proposal process proved what a competitive rate for high school programming should be."[218] He also expressed satisfaction that the Saint Clair Area SD would be able to continue its 26-year relationship with the Pottsville Area School District.

Some participants in the merger negotiations believe that a merger may still happen down the road. The Pottsville Area SD Business Manager/Board Secretary Stephen Curran said in an interview that the merger may even occur within the life of the current 10-year pact. He opined, "If there were incentives to merge, such as state dollars to help alleviate the costs involved, I think more schools would do it."[219]

[215] Pytak, Stephen J. "Pottsville Area Says No to Saint Clair Merger." *The Republican Herald*. March 19, 2015, available at http://republicanherald.com/news/pottsville-area-says-no-to-saint-clair-area-merger-1.1850236 (accessed February 3, 2017).
[216] Ibid.
[217] Pytak, Stephen J. "Saint Clair Area, Pottsville Area to Hold Meetings Wednesday on High School Program." *The Republican Herald*. October 6, 2015, available at http://republicanherald.com/news/saint-clair-area-pottsville-area-to-hold-meetings-wednesday-on-high-school-program-1.1953608 (accessed February 3, 2017).
[218] Pytak, Stephen J. "Pottsville Area, Saint Clair Area Decide on 10-year Pact." *The Republican Herald*. October 8, 2015, available at http://republicanherald.com/news/pottsville-area-saint-clair-area-decide-on-10-year-pact-1.1954655 (accessed February 3, 2017).
[219] Pennsylvania Association of School Business Officials. "School Consolidation: Is It For You?" *PASBO Report*. Vol. 2. No. 12. June 2016, available at http://file2.pasbo.org/PR/PRJune2016.pdf (accessed July 7, 2016).

The Halifax Area School District and the Millersburg Area School District

The Halifax Area School District and the Millersburg Area School District are located in northwestern Dauphin County. The Halifax Area SD encompasses slightly over 83 square miles, and its resident population is 7,603 people.[220] The Millersburg Area SD encompasses close to 32 square miles and has the population of 6,718 people.[221] The districts' ADMs are comparable: PDE registers the Halifax Area SD's ADM at 1,075.536 and the Millersburg Area SD's ADM at 848.737.[222] The Halifax Area SD lists its current enrollment as slightly over 1,000 students, and its professional school staff number is a little over a hundred.[223] According to Superintendent Dr. Michele Orner, "the district lost 189 students between 2005 and 2014; by 2020, projected enrollment is 980."[224] The Halifax Area SD and the Millersburg Area SD are the smallest two among ten public school districts in Dauphin County.



[220] Data presented by PDE, based on the 2010 U.S. Census (accessed June 22, 2017).
[221] Data presented by PDE, based on the 2010 U.S. Census (accessed June 22, 2017).
[222] AFR Data: Summary-Level Expenditure Data for School Districts, Career and Technology Centers, and Charter Schools, available at http://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Summary-Level.aspx#.VZvrX2XD-Uk (accessed May 22, 2017).
[223] Halifax Area School District: District Overview, http://www.hasd.us/domain/3 (accessed July 11, 2016).
[224] Good, Duane. "Halifax Considers Consolidation of Campuses." *The Upper Dauphin Sentinel Online*. November 24, 2015, available at http://www.hasd.us/cms/lib/PA09000086/Centricity/Domain/327/Sentinelnow.com%20-%20HASD%20Campus%20Conslidation%20151124.pdf (accessed June 29, 2017).

The Halifax Area School District has four schools: Enders-Fisherville Elementary for kindergarten and first grade, Halifax Elementary School for grades 2-5, Halifax Middle School for grades 6-8, and Halifax High School for grades 9-12.[225]

The Millersville Area School District operates an elementary school, a middle school, and a combined junior/senior high school. High school students interested in training in the construction and mechanical trades have a choice of attending Dauphin County Vo Tech. After several years of being identified by PDE as one of the lowest achieving schools for Reading and Math in the Commonwealth, in 2016, Millersburg Area Senior/High School was removed from the list of low-performing schools, which indicates a change for the better.[226]

Standard and Poor's "Study of the Cost-Effectiveness of Consolidating Pennsylvania School Districts," prepared for the Pennsylvania Legislative Budget and Finance Committee, put the Halifax Area SD and the Millersburg Area SD on the list of 88 Pennsylvania districts that, in their estimation, could achieve significant reduction in per-pupil costs if they consolidate with another school district. The study included two possible scenarios for each of the districts: the Halifax Area SD as paired with the Millersburg Area SD or, alternatively, with the Upper Dauphin Area SD, and the Millersburg Area SD as paired with the Halifax Area SD or, alternatively, with the Line Mountain SD.[227] According to the Standard and Poor's analyses, each of these consolidation scenarios could significantly decrease administrative costs while improving course offerings to students.

Facing further declines in their small enrollments and high per-pupil costs, the Halifax Area SD and the Millersburg Area SD considered merging for a while. Initially, they talked with a third district – the Upper Dauphin School District, but that district stepped back near the beginning of the negotiations because its leaders did not feel the merger would benefit them.[228] Then Halifax and Millersburg focused on each other. They secured a $50,000 grant from the Pennsylvania Department of Community and Economic Development and ordered a feasibility study done. The study was conducted in 2007 by the Pennsylvania Economy League (PEL) and Hayes Large Architects and presented to the joint school board at Halifax High School.

[225] Halifax Area School District: District Overview, http://www.hasd.us/domain/3 (accessed June 29, 2017).
[226] Pennsylvania Department of Education. *2016-17 Opportunity Scholarship Tax Credit Program*, available at http://www.education.pa.gov/Documents/K-12/Opportunity%20Scholarship%20Tax%20Credit%20Program/2016-17%20OSTCP%20-%20List%20of%20Low%20Achieving%20Schools.pdf
[227] Standard and Poor's School Evaluation Services, prepared for Legislative Budget and Finance Committee. *Study of the Cost-Effectiveness of Consolidating Pennsylvania School Districts*. Harrisburg, PA. Legislative Budget and Finance Committee, June 2007. Part II.
[228] Gregg, Becca Y. "For Two Dauphin County School Districts, Bigger Isn't Better." *The Reading Eagle*. January 14, 2014, available at http://www.readingeagle.com/news/article/for-two-dauphin-county-school-districts-bigger-isnt-better (accessed January 5, 2017).

The feasibility study addressed several issues, including the basic demographics, enrollment and community projections, facilities, and expected impact of consolidation upon curriculum and instruction. The report outlined in detail four viable consolidation options.[229] The authors stated, that, consistent with PEL's general approach to this kind of studies, "all options focus upon students and their educational needs. Other considerations, such as cost savings and facility renovations, are reviewed but only to the extent they support the best educational program possible."[230] PEL found that the "Halifax Area and Millersburg Area School Districts present a unique opportunity for *physical* consolidation (two separate districts become one new district) or for *functional* consolidation (two separate districts sharing resources for the mutual benefit of its students, communities, and taxpayers)."[231] In fact, the authors believed that in case the respective communities decided in favor of physical consolidation, the planning and implementation could be completed within three years. They deemed it possible because

- The existing administration and faculty of each school district are open to new possibilities, are dedicated to the needs of its students/communities, and share basic educational philosophies

- The characteristics of both communities and student bodies are very similar; indeed, there is already a sense of shared community that bodes well for sharing resources moving forward

- Positive changes can be accomplished without giving up what should be preserved (small class sizes, etc.)

- The combined enrollment of a consolidated school district is still beneath the number that allows optimum results of instruction and maximum participation in educational/social/ cultural/athletic offerings.[232]

PEL identified the following foremost challenges, along with a few other short-term challenges:

- Equalizing millage across communities
- Re-negotiating current collective bargaining agreements
- Addressing existing debt service
- Planning for consolidation[233]

[229] Pennsylvania Economy League; Hayes Large Architects. *A Feasibility Study for the Physical Consolidation or Functional Consolidation of Educational Programs, Administration, and Facilities: Draft Report to the Halifax Area School District Board, Millersburg Area School District Board*. Wilkes-Barres, 2007.
[230] Ibid.
[231] Ibid.
[232] Ibid.
[233] Ibid.

The summary of advantages afforded by consolidation included

- Expanded student opportunities
- Potential long-term savings related to building renovation and shared construction
- Lower administrative costs
- Best of both instructional program
- Ability to plan own destiny
- Shared service costs.[234]

Though the PEL feasibility study found the physical consolidation of the Halifax and Millersburg School Districts attainable and the timing for it propitious, the two districts eventually decided against the physical merger and instead focused on the functional consolidation of educational programs, administration, and facilities. The educators and the public could see benefits to merging such as more flexibility in scheduling the larger number of students; more courses available to high school students, for example Millersburg's business program opened to Halifax students; additional Advanced Placements courses in social studies and science; and other electives, such as emergency preparedness training or music theory; an opportunity to field an additional sports team or two, due to the increased student population.[235] Potential losses, however, were also significant. Concerns were raised about more students having to compete for fewer slots on athletic teams, in plays and in musicals; additional teachers would have been required to handle the increased student population; and "no longer would the local schools – each named for their borough – be the center of their communities."[236] Recalling the public reaction to the merger talks, Robert Hassinger, who was the Halifax Area SD Superintendent at the time, said he felt "the largest contingency of the public was wanting to keep their own identity." He added, "And our research in the end found that it actually wasn't what was best for the kids."[237] Financial considerations also played a part. In his January 2009 statement on the possible merger, Hassinger estimated that consolidating the districts would cost taxpayers an additional $1.26 million.[238] Equalization of academic programs between the two districts and equalization of professional employee contracts by creating a single salary and benefits program would have cost over a million dollars; in addition, a new district would have lost over $600,000 in the revenue through measures need to equalize taxes among residents in separate jurisdictions.[239] Transportation costs would have increased. The decision was not to merge the two districts into one, but to work more closely on sharing services and resources, which was indeed the course the districts pursued diligently and effectively since that time.

[234] Ibid.
[235] Gregg, Becca Y. "For Two Dauphin County School Districts, Bigger Isn't Better." *The Reading Eagle*. January 14, 2014, available at http://www.readingeagle.com/news/article/for-two-dauphin-county-school-districts-bigger-isnt-better (accessed January 5, 2017).
[236] Ibid.
[237] Ibid.
[238] Ibid.
[239] Ibid.

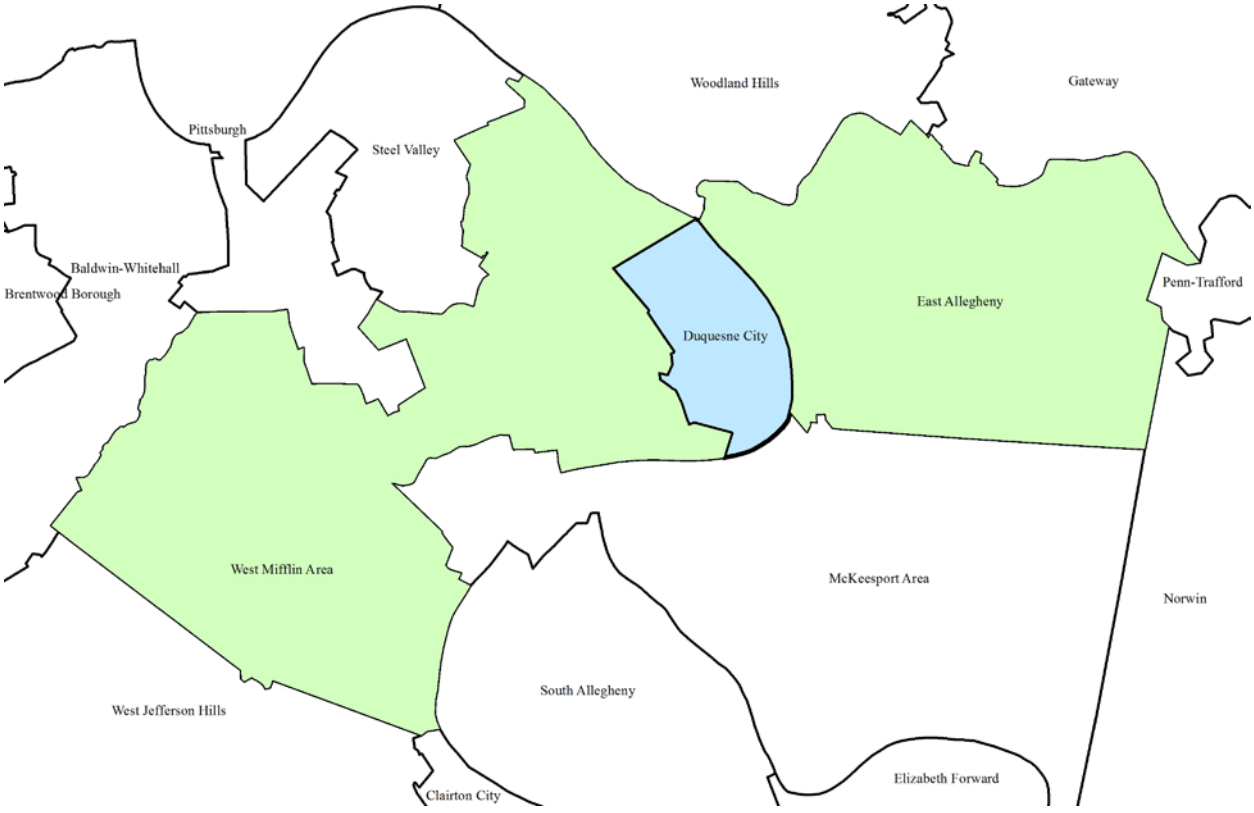
With increased awareness of the strengths and special opportunities offered by each district, Halifax and Millersville combined forces to ensure their students have access to the best services available in the area. For years, Halifax and Millersburg have also participated with another neighboring school district, Upper Dauphin, in a special-education consortium that has saved them significant amounts of money. Hassinger told the interviewer: "Millersburg has an elementary emotional support program. If we have a need, we can send that student to Millersburg to receive those services at the district. Upper Dauphin has an autistic class. Millersburg has life skills. We have middle school and high school emotional support classes at Halifax. So we can share those resources and provide what's best for the kids."[240] Building up on the past practices, this cooperation expanded after the consolidation study and subsequent discussions. Superintendents of both districts at the time, Sheree-Lee S. Knorr and Robert Hassinger, agreed that "the merger talks, though failed, have affirmed that close relationship between the districts."[241] A report by the Pennsylvania School Boards Association (PSBA) gives the Millersburg-Halifax case as an example of merger discussions leading to increased cooperation between districts and notes that similar cooperative efforts have occurred between other districts who engaged in similar evaluations: "such studies can and do lead to greater cooperation."[242]

[240] Ibid.
[241] Ibid.
[242] Pennsylvania School Board Association (PSBA). *Merger/Consolidation of School Districts: Does it save money and improve student achievement?* April 2009, available at http://mrea-mt.org/wp-content/uploads/2016/04/PA-psba-merger-consolidation.pdf (accessed May 4, 2017).

The Duquesne City School District

The Duquesne City School District is an example of a district that tuitions out its high school students. However, Duquesne is unique amongst the very small number of districts that tuition out students because the Secretary ordered the district to do so under the authority of a section of the Public School Code of 1949.[243]

The Duquesne City School District is an impoverished district with a dwindling student population and tax base. A district of 807.3 ADMs in school year 2014-15, which ranks 456th out of the 500 school districts in the Commonwealth, Duquesne is located in Allegheny County. The district has a 2016-17 Aid Ratio of .8616, which ranks 3rd highest in the Commonwealth where aid ratios range from a high of .8874 to a statutorily established minimum of .15. The district's 2014-15 Expenditure per ADM of $22,748 ranks it 29th in the state although its 2014-15 Actual Instruction Expense per Weighted Average Daily Membership (WADM) of $9,413.91 ranks 154th in the state.[244]



[243] The Public School Code of 1949, act of March 10, 1949 (P.L.30, No.14) § 1607.1. 24 P.S. § 16-1607.1.
[244] "Financial Data Elements," Pennsylvania Department of Education, June 12, 2017, http://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/FinancialDataElements/Pages/default.aspx#tab-1.

In 2000, the Secretary of Education placed Duquesne City School District on the Education Empowerment List and appointed a Board of Control. The district was also declared financially distressed that same year. In 2007, the Board of Control made the decision to close Duquesne High School. The Secretary of Education mandated that West Mifflin Area School District and East Allegheny School district accept Duquesne's high school students on a tuition basis. In 2012, Duquesne started to send 7th and 8th grade students, along with the 9th through 12th graders. In this same year, PDE brought on Dr. Paul Long as Receiver in the Duquesne City School District.

Currently, the district educates about 320 students in pre-K through 6th grade within its own boundaries. According to the Duquesne City SD recovery plan, on December 31, 2016, the school district had 285 students in 7th through 12th grade with the West Mifflin Area School District and 37 students in 7th through 12th grade with the East Allegheny School District. Despite tuitioning out its students for five school years, when Act 141 of 2012 became statute, the Secretary of Education declared Duquesne City School District to be in severe financial recovery status with dual goals: the improvement of education and stabilization of finances for the district.

According to Dr. Long, when a district is mandated by statute to tuition out its students, there is less flexibility and it can sometimes be contentious. This is reflected in the lawsuit that West Mifflin brought against Duquesne and the Secretary of Education. In this lawsuit, West Mifflin disputes, amongst other things, the amount of tuition, funding for students with special needs and those who attend career technical programs, as well as transportation funding. [245] Dr. Long suggested that it might be advantageous if the state set up the process through which a district could, voluntarily, transfer out its students.

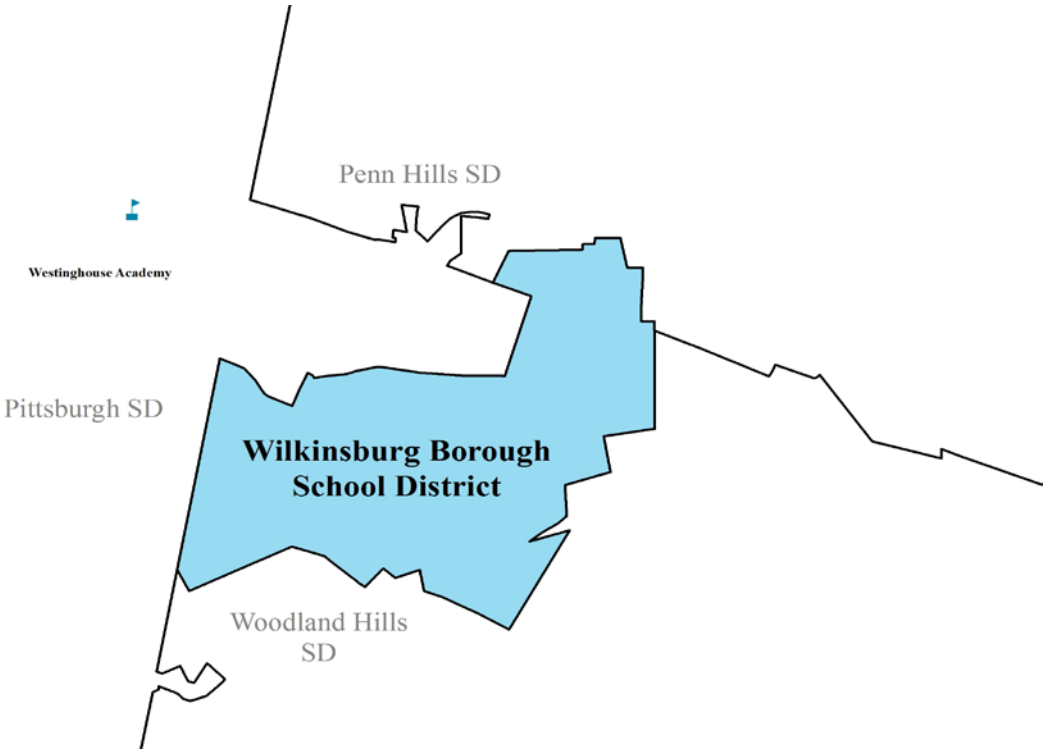
Despite repeated interventions from the state, the picture of education in the Duquesne City School District has not significantly changed or improved. The district continues to flounder, educationally and financially, although half of its students are educated within the boundaries of other districts. Without feedback on the performance of their high school students, which the district is currently seeking, the district has no direct line of understanding or accountability to inform the education of the elementary school students remaining within its buildings.

[245] *West Mifflin Area Sch. District and Phil Shar v Pa. Dep't of Educ., et al.,* 314 MD 2016 and *West Mifflin Area Sch. Dist. And Phil Shar v. Pa. Dep't of Educ., et al.,* 520 MD 2016.

The Wilkinsburg Borough School District

In contrast to the situation in Duquesne, while the high school students of Wilkinsburg Borough School District are tuitioned out, that scenario is referred to as a partnership – both initially by Dr. Daniel Matsook, the contract Superintendent who helped to construct the deal, and currently by Ed Donovan, the president of the Wilkinsburg Borough School Board, who posted on the Wilkinsburg Borough School District website, "In the truest sense of the word, we built a partnership, not a merger." [246]

The Wilkinsburg Borough School District, a small district in Allegheny County, shares direct boundaries with the Pittsburgh School District, officially called Pittsburgh Public Schools. It has a 2016-17 aid ratio of .5687, which is 259th out of the 500 school districts in the Commonwealth. The district's student population, which for 2014-15 was 1,186 ADMs, is approximately 95 percent Black or African American.[247] The districts 2014-15 equalized millage is 33, or second highest in the Commonwealth. Its 2014-15 Actual Instruction Expense per ADM is 5th highest in the Commonwealth ($14,931.45).[248]



[246] Donovan, Ed. "The Partnership of Wilkinsburg and Pittsburgh Public Schools is Working," *Wilkinsburg School District website*, http://www.wilkinsburgschools.org/the-partnership-of-wilkinsburg-and-pittsburgh-public-schools-is-working/ (accessed April 26, 2017).
[247] Pennsylvania Department of Education, "Enrollment Public Schools 2015-16," July 16, 2017.
[248] Pennsylvania Department of Education, "Financial Data Elements," June 12, 2017, http://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/FinancialDataElements/Pages/default.aspx#tab-1.

Dr. Daniel Matsook, who played an instrumental part in the Center Area/Monaca merger, was brought on as acting superintendent in August 2014 and serves now as a consultant to the district. When he came to Wilkinsburg, the challenges facing the district were extreme. A newspaper article summarized the situation in a few plain words: "The Wilkinsburg School District struggles in just about every way that matters – financially, academically and with enrollment."[249] The borough had hundreds of abandoned structures; the district was owed millions in delinquent property taxes; over half of the district's high school students were economically disadvantaged; the district was constantly losing students to charter or cyber schools.[250] The Wilkinsburg Borough School District performed woefully on standardized tests, and its enrollment had been declining and was predicted to continue in that trend. Between 1995 and 2015, the district had lost more than one fifth of its total population, according to the U.S. Census data.[251] Because of the decreasing number of students at the secondary level, the district had had to drop many high school course offerings, enrichment classes, and other student activities.

Dr. Matsook began to look around at neighboring school districts that might consider partnering with Wilkinsburg to educate the high school students. It was not until conversations were initiated with Pittsburgh Public Schools that Wilkinsburg found the combination of factors that allowed it to start the process of hammering out an agreement between the two districts. In the end, Wilkinsburg 9th-12th grade students began attending Pittsburgh Public Schools' George Westinghouse Academy for the 2016-17 school year.

The Letter of Agreement (LOA) negotiated by the two school districts is a detailed document that covers many aspects of the partnership.[252] The tuition was set at $8,000 for the first year, and increases were spelled out for future years. This amount, however, was explicitly dependent on securing transition funding from the Department of Education. Tuition rates for special needs students were laid out in the Letter of Agreement. The agreement also specified that although test scores for Wilkinsburg Borough School District resident students would be attributed to the Pittsburgh Public Schools, subject to approval by PDE, those test scores would be provided to Wilkinsburg. The LOA also specified that Pittsburgh was entitled to include Wilkinsburg Borough School District students in their counts for federal and state grants from public or private sources. According to the LOA, Wilkinsburg provides transportation for its students enrolled in the George Westinghouse Academy.

[249] Gazarik, Richard. "School Districts Face Uphill Battle in Reversing Declines." *Triblive.* December 29, 2013, available at http:triblive.com/news/5188743-74/districts-district-students (accessed January 3, 2017).
[250] Ibid.
[251] U.S. Census, *Small Area Income and Poverty Program (SAIPE),* available at https://www.census.gov/did/www/saipe/data/statecounty/ (accessed March 8, 2017).
[252] See Appendix G.

Section 2502.54 of the Public School Code of 1949 states that $3 million will go to a third-class school district identified in financial watch status under section 611-A to curtail its educational program and assign pupils to a neighboring school district as part of the basic education funding payments in the 2014-15 school year and each year thereafter.[253] This is the transition funding that the Wilkinsburg Borough School District was seeking and that has enabled the district to carry out ongoing transition activities as well as pay the lower tuition rate, as specified in the Letter of Agreement.

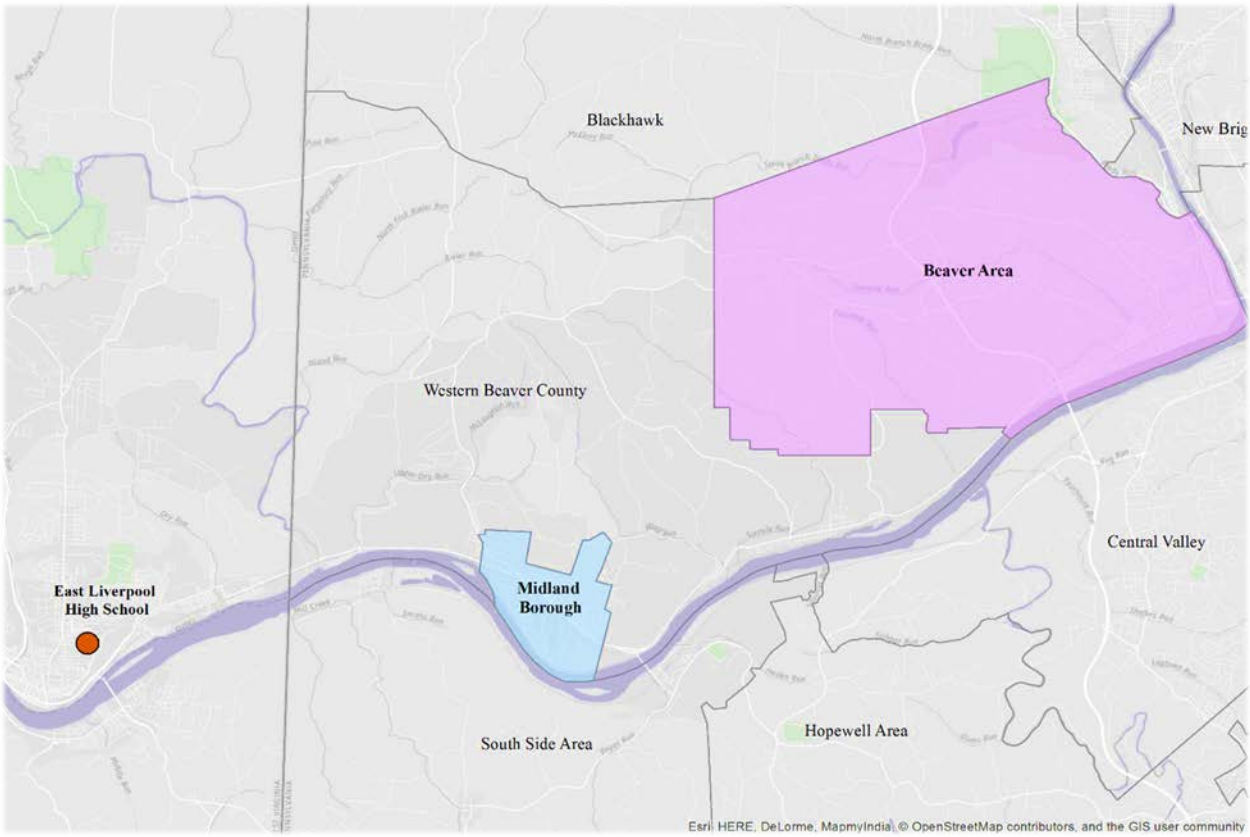
According to Dr. Matsook, "a partnership agreement is different from a tuition plan because true collaboration occurs in regard to tuition fees for both regular education and special education students, transition activities to meld the two student bodies together, expanded educational and extracurricular opportunities at a manageable cost. The manageable cost enables the sending district to re-invest in itself (whether it is paying down debt or improving the elementary division that serves as a feeder school to the new partner.) Also, the sending district is able to track the progress of its students in one location rather than disperse them to various schools within a ten-mile radius."[254]

[253] The Public School Code of 1949, act of March 10, 1949 (P.L.30, No.14) § 2502.54.

[254] Information provided to the Joint State Government Commission by Dr. Daniel Matsook, Consultant at Wilkinsburg Borough School District, in his personal e-mail of March 10, 2017.

The Midland Borough School District

The Midland Borough School District is the smallest district in Beaver County, covering 2 square mile area and serving 300 students.[255] In the 1980s, a steel mill which was a prominent employer in Midland Borough closed; that resulted in a surge of unemployment and a large decline in population as residents moved.[256] The town shrank from 6,425 residents from its peak in 1960 down to 2,608 in 2016.[257] In 1985, the Midland Borough School District closed its high school when its student attendance dropped to 150 students and unsuccessfully attempted to merge with its 14 neighboring districts.[258] Today, Midland operates a single combined elementary/middle school for grades K-8.



[255] Pennsylvania Department of Education. "Midland El/MS School Fast Facts," available at http://www.paschoolperformance.org/Profile/7008 (accessed June 30, 2017).
[256] Pennsylvania Department of the Auditor General. *Performance Audit: Midland Borough School District.* September 2016, available at http://www.paauditor.gov/Media/Default/Reports/MidlandBoroughSchoolDistrict,%20Beaver,%20092116.pdf (accessed July 14, 2017).
[257] U.S. Census Bureau. *Census Municipalities in Beaver County for Decennial years 1960 to 2010,* available at http://www.spcregion.org/pdf/datalib/15/Census%20munic%20hholds%20decennial%201960-2010,%20Beaver%20County.xls (accessed July 14, 2017).
[258] Pennsylvania Department of the Auditor General. *Performance Audit: Midland Borough School District.* September 2016, available at http://www.paauditor.gov/Media/Default/Reports/MidlandBoroughSchoolDistrict,%20Beaver,%20092116.pdf (accessed July 14, 2017).

Overall, Midland students are poorer and more diverse than the surrounding area. The average median household income in Midland is $25,000, less than half of the state average. Close to three-fourths of the district's students are considered economically disadvantaged.[259] The district's student population is comprised of 61 percent white students, 25 percent African American, 10 percent multiracial, and 3 percent Hispanic.[260]

From 1985 to 1997, Midland sent its high school students to the Beaver Area School District 12 miles to the northeast.[261] Beaver is the county seat and has a population of 4,500 residents. Beaver Borough is more prosperous than Midland and in recent years has focused on tourism and revitalizing its historic downtown. The population has a median household income of $46,000. The Beaver Area SD is a much larger district than Midland, with 2,089 students enrolled as of 2015.[262] Currently, the district operates two elementary schools, one for grades K-2, and another for grades 3-6. The district also has a middle school for grades 7-8 and a high school for grades 9-12.

The partnership between Midland and Beaver area was troubled. Beaver Area eventually decided to phase out the agreement over a four-year period in 1993 due to difficulty integrating the more diverse Midland students from blue collar families into Beaver Area's predominately white middle class population.[263] Starting in 1997, Midland entered an agreement to send its high school students to the East Liverpool School District in Ohio.[264] This is the only recorded instance of a district tuitioning out students to another state.

In Pennsylvania, a former administrator of the Midland Borough School District, Nick Trombetta, pioneered the Pennsylvania Cyber Charter School in 2000 to fill the vacuum left by the closing high school.[265] By 2004, an increasing number of the Midland Borough SD students began attending charter schools instead of going to Ohio. These charter schools took advantage of the relatively new system to buy entire years' worth of class time for students to attend Beaver Area and Western Beaver schools.[266] Eventually, this practice led to the majority of the Midland School District's students attending local schools through a backdoor system that local residents did not fully understand.[267] This arrangement had some positive outcomes as it provided more flexibility to students who were able to attend courses either online or be sent to the local school

[259] Pennsylvania Department of Education. *Midland El/MS School Fast Facts*, available at http://www.paschoolperformance.org/Profile/7008 (accessed July 3, 2017).
[260] Ibid.
[261] Schaeffer, Katherine. "Midland Beaver Area School Districts Sign 20-Year Tuition Agreement." *The Times.* September 25, 2015, available at https://issuu.com/beavercountytimes/docs/september25 (accessed July 3, 2017).
[262] Publicly available PDE enrollment data.
[263] Schaeffer, Katherine. "Midland Beaver Area School Districts Sign 20-Year Tuition Agreement." *The Times.* September 25, 2015, available at https://issuu.com/beavercountytimes/docs/september25 (accessed July 3, 2017).
[264] Ibid.
[265] Ibid.
[266] Fontaine, Tom and Lori Delauter. "Midland students caught in middle as school districts wrangle over tuition payments." *The Times*. December 2, 2006, available at http://www.timesonline.com/midland-students-caught-in-middle-as-school-districts-wrangle-over/article_66444f91-2da6-582f-b173-7199df82e070.html (accessed May 5, 2017).
[267] Ibid.

of their choice.[268] Unfortunately, this practice also led to multiple districts counting the same students and a lawsuit over whether Midland students should be billed at regular school rates or the less expensive charter school rates.[269, 270]

By 2015, only ten Midland students still attended school in Ohio.[271] East Liverpool made unsuccessful bids for Midland to send all of its students to Ohio and questioned the validity of the contract since so few students were attending its schools.[272] Subsequently, East Liverpool chose to end the partnership five years before its 2020 expiration.[273] That same year, the Midland School District once again established a 20-year contract to send its students to Beaver Area at a cost of $8,777 per student.[274] In subsequent years tuition will be determined by PDE annually based on the Beaver Area's annual financial report.[275]

Prior to that agreement, sixty students from Midland had already been attending Beaver Area through the Beaver Area Academic Charter School; this arrangement was dissolved as part of the agreement.[276] A result of the agreement is that Midland students will be offered additional extracurricular activities, AP courses, and dual enrollment with local colleges.[277] It is obvious that "the students from Midland are now able to participate in a wider range of opportunities that were not previously available to them due to the small size of their home district."[278] As Beaver Area's Assistant Superintendent Dr. Carrie Rowe pointed out, in addition to a possibility to participate in rigorous academics, the Beaver Area School District "also offered a wide range of extra-curricular opportunities including theatre, sport clubs, foreign language clubs, Academic Games, Robotics, and the like; students who reside in Midland are now afforded full access to all opportunities because they are Beaver Area students."[279]

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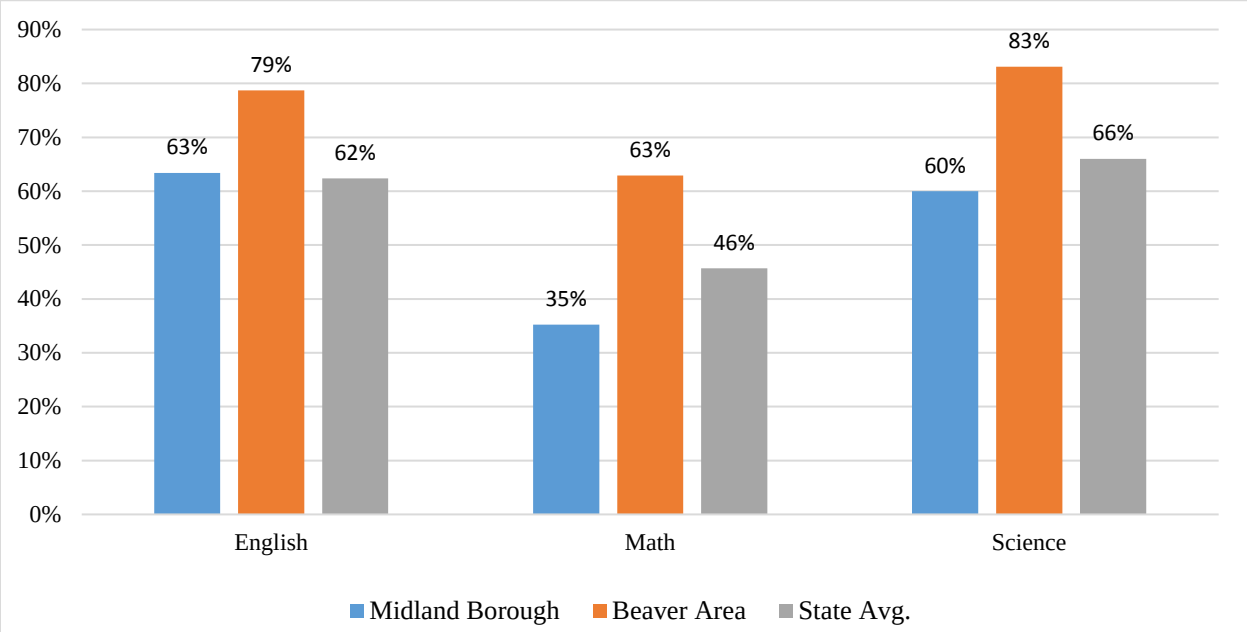
[268] Pennsylvania Association of School Business Officials. "School Consolidation: Is It For You?" *PASBO Report*. Vol. 2. No. 12. June 2016, available at http://file2.pasbo.org/PR/PRJune2016.pdf (accessed July 7, 2016).
[269] Sostek, Anya. "Western Beaver, Midland school districts settle tuition dispute" *Pittsburgh Post-Gazette*. October 2, 2007, available at http://www.post-gazette.com/local/west/2007/10/02/Western-Beaver-Midland-school-districts-settle-tuition-dispute/stories/200710020228 (accessed July 14, 2017).
[270] Ferrick-Roman, Karen. "Loophole allows Midland cyberschool to keep kids in Beaver County." *The Times.* February 1, 2010, available at http://www.timesonline.com/loophole-allows-midland-cyberschool-to-keep-kids-in-beaver-county/article_bc3f4339-0bde-5679-b78f-e7d63326b8ad.html (accessed July 3, 2017).
[271] "Board Terminates 20 Year Contract with Midland School District." *The Times*. February 25, 2015, available at http://www.reviewonline.com/news/local-news/2015/02/board-terminates-20-year-contract-with-midland-school-district/ (accessed July 3, 2017).
[272] "East Liverpool Midland Official Debate School Enrollment Agreement." *Morning Journal News.* November 10, 2014, available at https://www.morningjournalnews.com/news/local-news/2014/11/east-liverpool-midland-officials-debate-school-enrollment-agreement/ (accessed July 3, 2017).
[273] "Board Terminates 20 Year Contract with Midland School District." *The Times*. February 25, 2015, available at http://www.reviewonline.com/news/local-news/2015/02/board-terminates-20-year-contract-with-midland-school-district/ (accessed July 3, 2017).
[274] Schaeffer, Katherine. "Midland Beaver Area School Districts Sign 20-Year Tuition Agreement." *The Times.* September 25, 2015, available at https://issuu.com/beavercountytimes/docs/september25 (accessed July 3, 2017).
[275] Pennsylvania Association of School Business Officials. "School Consolidation: Is It For You?" *PASBO Report.* Vol. 2. No. 12. June 2016, available at http://file2.pasbo.org/PR/PRJune2016.pdf (accessed July 7, 2016).
[276] Schaeffer, Katherine. "Midland Beaver Area School Districts Sign 20-Year Tuition Agreement." *The Times.* September 25, 2015, available at https://issuu.com/beavercountytimes/docs/september25 (accessed July 3, 2017).
[277] Pennsylvania Association of School Business Officials. "School Consolidation: Is It For You?" *PASBO Report*. Vol. 2. No. 12. June 2016, available at http://file2.pasbo.org/PR/PRJune2016.pdf (accessed July 7, 2016).
[278] Ibid.
[279] Ibid.

While the tuition agreement brings stability to the students of Midland Borough, it also makes it unlikely Midland will merge with another school district in the near future. Beaver Area's Assistant Superintendent stated that both districts were not ready to consolidate at this time but were looking for additional ways to cooperate in the future.[280] Previously, Midland had been hypothetically paired with the South Side School District, which could save $3.6 million and to the Western Beaver School District, to save $1.75 million, according to a consolidation study by Standard and Poor's.[281]

Percent of Students Scoring Proficient or Above During 2016 State Tests



Source: Pennsylvania Department of Education publicly available information. Analysis by JSGC.

While all of Midland's scores have been trending downwards over the last five years, Math is the schools worst subject at 9 points below state average. English is the school best subject and the school has met or exceeded the state average. Beaver Area usually scored above Midland students and the Pennsylvania average in state tests in all subjects during the last five years. Midland Borough had a school performance profile score of 61 in 2016, compared to the Beaver Area's score average score 87 and the state average of 73.[282] While data on Midland's grade rates graduation rate was suppressed by the state due to the school's small size, over 94% of Beaver students graduated in a 4-year period.[283]

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[280] Pennsylvania Association of School Business Officials. "School Consolidation: Is It For You?" *PASBO Report*. Vol. 2. No. 12. June 2016, available at http://file2.pasbo.org/PR/PRJune2016.pdf (accessed July 7, 2016).
[281] Standard and Poor's. *Study of the Cost-Effectiveness of Consolidating Pennsylvania School Districts, Part 2 Profiles of Paired Districts*. New York, NY. June, 2007. P. 173-176, available at http://lbfc.legis.state.pa.us/Resources/Documents/Reports/85.pdf (accessed June 20, 2017).
[282] Pennsylvania Department of Education publicly available information. Analysis by JSGC.
[283] Pennsylvania Department of Education publicly available information. Analysis by JSGC.

Hopefully, studying at a higher-performing school district and finally enjoying a reasonable degree of stability will lead to higher academic achievement and fuller academic and cultural experiences for students residing in Midland.

The Midland Borough and Beaver Area School Districts' twenty-year tuition agreement is welcomed as "Beaver's County's most significant district partnership" and "the closest thing to a voluntary merger since the Center Are and Monaca SDs merged in 2009, forming Central Valley SD."[284] Tracking its results will be of interest to other districts selecting consolidation options that would be most suitable to them.

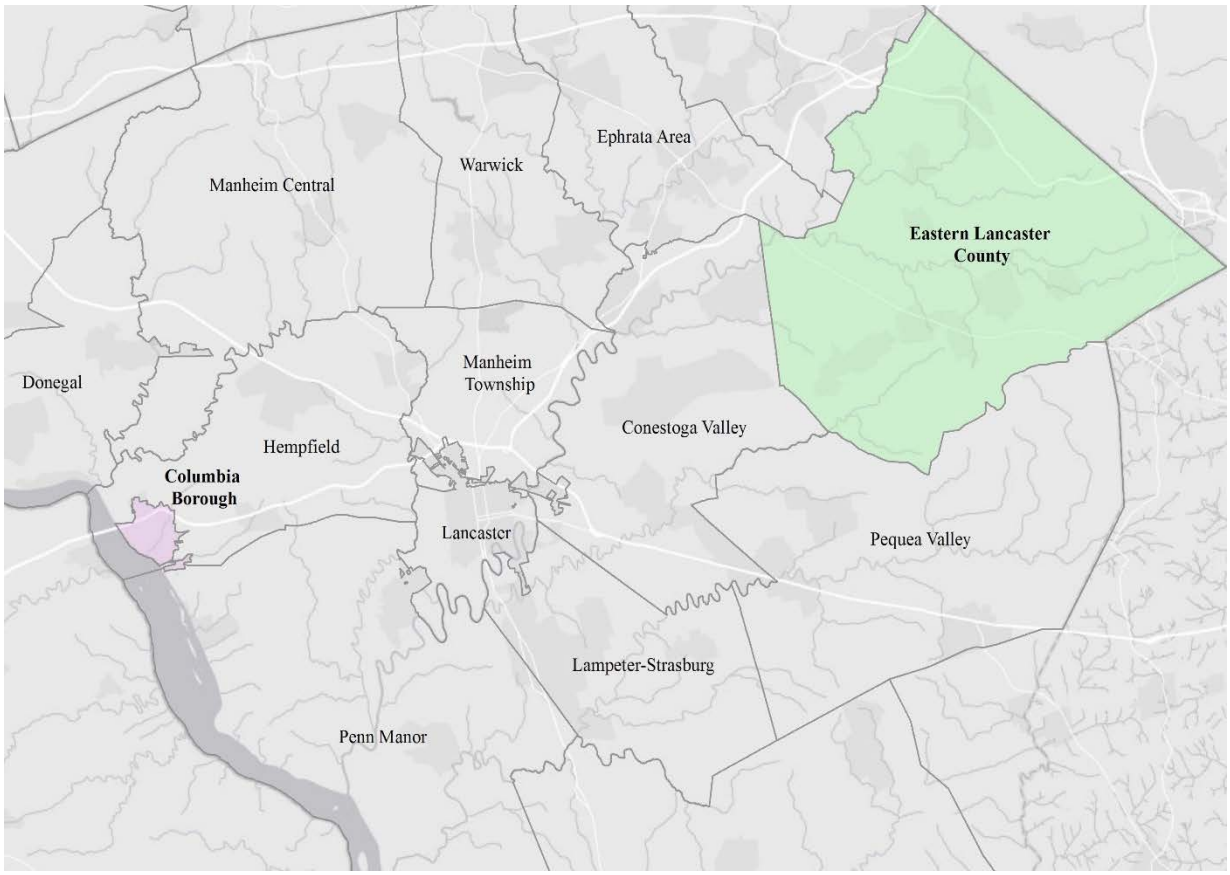
[284] Pennsylvania Association of School Business Officials. "School Consolidation: Is It For You?" *PASBO Report*. Vol. 2. No. 12. June 2016, available at http://file2.pasbo.org/PR/PRJune2016.pdf (accessed July 7, 2016).

The Columbia Borough School District

A slightly different kind of a contractual agreement has been pursued by the Columbia Borough School District. It centers on administration rather than tuition.

Columbia Borough is a diminutive single municipality school district in western Lancaster County, comprised of a historic town adjacent to the Susquehanna River. The 2.4 square mile district was home to 10,400 residents in 2010.[285] Formerly a bustling transportation hub, Columbia has experienced a steady economic decline within the last century and its population has shrunk by over 2,000 people since 1960.[286] Despite recent efforts of economic redevelopment, the high proportion of renters, low-income housing, and brownfields has limited Columbia's tax base.[287]

Lancaster



[285] Pennsylvania Department of the Auditor General. *Performance Audit: Columbia Borough School District.* September 2016, available at https://columbianewsandviews.files.wordpress.com/2016/10/cbsd-audit.pdf (accessed July 1, 2017).
[286] Borough of Columbia, History, available at http://www.columbiapa.net/home-redirect/history/ (accessed July 3, 2017).
[287] Baldridge, Susan. "Failing in Slow Motion: High taxes hurting homeowners and economy in Columbia." *Lancaster online*. Jun 29, 2014, available at http://lancasteronline.com/news/local/failing-in-slow-motion-high-taxes-hurting-homeowners-and-economy/article_eab800c4-fc7e-11e3-a335-001a4bcf6878.html (accessed July 1, 2017).

During the 2015-16 academic year, Columbia had 1,327 students enrolled in its schools.[288] These students were instructed by 110 teachers with an average of twelve years of education experience.[289] The district also employs 64 full and part-time support staff, and 9 administrators. Currently the district operates an elementary school, a middle school with two campuses, and a high school.[290]

The total assessed property value of the district was calculated at 355.7 million dollars in 2015.[291] While the median property value of a home is close to 103,000, 42% of Columbia Borough is comprised of renters. To fund their schools, the district has increased their millage rate by over 50 percent in the last ten years. Currently the residents of Columbia are taxed at a rate of 29.3 mils during the 2016-17 school year, one of the highest rates in Lancaster County.[292] Complicating this issue, Columbia Borough estimates that 15% of the property value in Columbia is tax exempt.[293] The borough has also instituted a $15 per capita tax on every person over the age of 18 in Columbia as an additional step to try and fund its schools.[294]

The demographic composition of Columbia's student body is more diverse than that of the surrounding area. In 2015, almost 60 percent of the students were white, a quarter were Hispanic, 9 percent were black, and 5 percent multiracial.[295] The district also has a high proportion of Special Education students at 23%, compared with the state average of 15.9%. Less than half of these students spend the majority of their time in regular classrooms. In 2015, Special Education accounted of over 5 million dollars of expenditures in Columbia Borough, and these costs had risen by a third in only three years.[296]

The students of Columbia Borough are also poorer than those of its surrounding districts. The median household income of the town was $41,800, which is $10,000 under the average for Lancaster County.[297] The PDE estimated that 950 students, or 72% of the student body, were listed

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[288] Pennsylvania Department of Education. "Public School Enrollments 2015-2016," available at http://www.education.pa.gov/Data-and-Statistics/Pages/Enrollment%20Reports%20and%20Projections.aspx#tab-1 (accessed July 7, 2017).
[289] Pennsylvania Department of the Auditor General. *Performance Audit: Columbia Borough School District*. September 2016, available at https://columbianewsandviews.files.wordpress.com/2016/10/cbsd-audit.pdf (accessed July 1, 2017).
[290] Ibid.
[291] The Campaign for Fair Education Funding. "Columbia Borough School District" available at http://fairfundingpa.org/DistrictProfiles/LancasterCounty_ColumbiaBoroughSD.pdf (accessed July 7, 2017).
[292] Lancaster County. "Millage Rates for 2017 County Municipal & 2016-17 School," available at http://www.co.lancaster.pa.us/DocumentCenter/Home/View/7259 (accessed June 30, 2017).
[293] Borough of Columbia. Fair Share Letter 2015, available at https://columbianewsandviews.files.wordpress.com/2016/08/fair-share-letter-2015.pdf (accessed July 1, 2017).
[294] Columbia Borough School District. Tax Information, available at http://www.columbiabsd.org/338-2/#Per_Capita_Tax_Information (accessed July 1, 2017).
[295] Pennsylvania Department of Education "Columbia Borough SD: District Fast Facts," available at http://paschoolperformance.org/Profile/105 (accessed July 14, 2017).
[296] Borough of Columbia. Fair Share Letter 2015, available at https://columbianewsandviews.files.wordpress.com/2016/08/fair-share-letter-2015.pdf (accessed July 1, 2017).
[297] *United States Census Bureau Quick Facts: Columbia Borough Pennsylvania*, available at https://www.census.gov/quickfacts/fact/table/columbiaboroughpennsylvania,PA,US/HSG010216 (accessed July 1, 2017).

as economically disadvantaged in 2016.[298] This designation is decided on by the school district using a variety of poverty data indicators including such as Temporary Assistance for Needy Families cases, Medicaid, children living in institutions or foster homes, and participation in free or reduced lunch programs. Over the last fifteen years, childhood poverty in the borough has doubled from 12.1 percent to 26 percent.[299]

The financial strain of the Columbia Borough has a direct impact on the education of its students. The district's total expenditures were 22 million dollars during the 2014-15 school year while its average expenditure per student was $14,800, $1,000 less than the state average. Possible consequences involve not replacing retiring teachers, using older computers, and offering a more limited selection of classes, sports teams, and extra circular activities compared with neighboring districts.[300] Another consequence is inability to attract stable leadership to the district. Previously, the district hired a superintendent who stayed briefly at the district before seeking a higher paid position with another district.[301] This left Columbia with an interim superintendent filled by a retiree.[302]

On the other side of the county from Columbia is Eastern Lancaster County School District, a district more typical of Lancaster County's demographic and educational statistics. Eastern Lancaster is larger than Columbia, a 95 square mile district that serves a population of 30,000 residents.[303] The district is more rural than Columbia and is comprised of four townships: Brecknock, Caernarvon, East Earl and Earl, along with the municipalities of New Holland, Blue Ball and Terre Hill.[304] The district was formed as the result of a merger between six small school districts in 1954.[305] Currently the district enrolls 3,130 students and operates three elementary schools, a middle school, a high school, and an online virtual academy.[306]

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[298] Pennsylvania Department of Education "Columbia Borough SD: District Fast Facts," available at http://paschoolperformance.org/Profile/105 (accessed July 14, 2017).
[299] Hawkes, Jeff, Susan Baldrige, and Gil Smart. "Failing in Slow Motion: How Economic Decline and Big Needs Are Battering the Columbia Borough School District." *Lancaster Online.* June 2014, available at http://special.lancasteronline.com/landing/columbia/ (accessed July 1, 2017).
[300] Ibid.
[301] Newhouse, Kara. "Columbia and Elcanco School Districts Adopt 'Innovative' Plan to Share Superintendent." *Lancaster Online*, June 22, 2016, available at http://lancasteronline.com/insider/columbia-and-elanco-school-districts-adopt-innovative-plan-to-share/article_e5531ed8-3869-11e6-9c76-273d3536fb7f.html (accessed July 3, 2017).
[302] Ibid.
[303] Eastern Lancaster School District. "About the Area," available at http://www.elanco.org/pages/Eastern_Lancaster_County_SD/District/Superintendent_s_Corner/About_the_area (accessed July 3, 2017).
[304] Ibid.
[305] Pennsylvania Department of Education "Eastern Lancaster County SD: District Fast Facts," available at http://paschoolperformance.org/Profile/144 (accessed July 14, 2017).
[306] Ibid.

Columbia's interim superintendent brought up the possibility of sharing a superintendent with Eastern Lancaster County in a joint meeting between the school board and the Columbia Borough Council. The plan was said to have developed after the two districts successfully negotiated a $36,000 technological services contract the previous year.[307] Eastern Lancaster's Superintendent Dr. Bob Hollister was receptive to the idea and supported it to his district's school board.[308]

The Columbia Borough School District agreed to pay $165,000 to Eastern Lancaster to share a superintendent during the 2016-17 school year.[309] This arrangement, reportedly, saves Columbia roughly $6,300, with the bonus of having a more experienced administrator than the district could attract on its own.[310] The estimated cost for Columbia Borough to hire their own superintendent would have been $171,300.[311] One reason the school districts were not considering merging is they are not located adjacent to each other, being separated by 30 miles.

As outlined in the contract between the two districts, Dr. Hollister's main responsibilities as superintendent are to ensure Columbia schools fulfill their legal obligations and to guide the long-term academic vision of the school. As part of the agreement, Dr. Hollister is contractually obligated to be present in Columbia four days a month, along with attending board meetings and other key meetings.[312] Despite his willingness to share leadership, a superintendent is limited by his presence in one location which may displease parents of either district. To overcome this limitation, Eastern Lancaster has hired the former leader of Columbia's school board as an onsite director of operations for Columbia to carry out the daily management responsibilities of running the school and to report to the administrator. Dr. Hollister did not request any additional compensation, something that may be difficult to replicate across Pennsylvania.

After agreeing to the contract, the two districts were also considering other ways to consolidate resources such as additional administration staff working at both schools and sharing ideas between districts to increase the professional development of the staff.[313] There has also been discussion of Eastern Lancaster County busing some students from Columbia for specialty programs.[314] Whether the contract between the two school districts will be renewed for an additional year is currently unknown.

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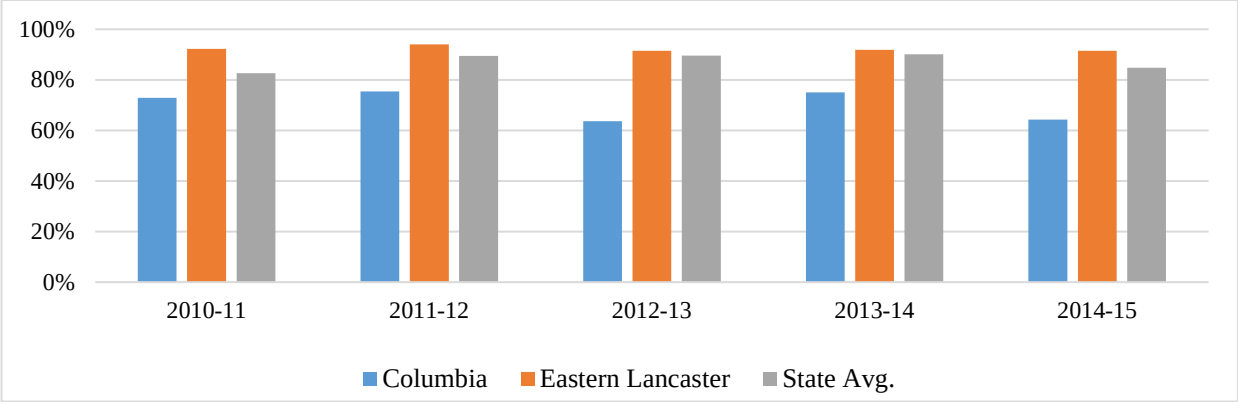
[307] Newhouse, Kara. "Columbia and Elanco School Boards Consider a Joint Superintendent for Next Year." *Lancaster Online*. April 19, 2016, available at http://lancasteronline.com/news/local/columbia-and-elanco-school-boards-consider-a-joint-superintendent-for/article_3f982380-05dd-11e6-8e42-fbfbf35bd4a7.html (accessed July 3, 2017).
[308] Ibid.
[309] Newhouse, Kara. "Columbia and Elanco School Districts Adopt 'Innovative' Plan to Share Superintendent." *Lancaster Online*, June 22, 2016, available at http://lancasteronline.com/insider/columbia-and-elanco-school-districts-adopt-innovative-plan-to-share/article_e5531ed8-3869-11e6-9c76-273d3536fb7f.html (accessed July 3, 2017).
[310] Ibid.
[311] Ibid.
[312] Appendix F. ELANCO/Columbia Agreement.
[313] Newhouse, Kara. "Columbia and Elanco School Districts Adopt 'Innovative' Plan to Share Superintendent." *Lancaster Online*, June 22, 2016, available at http://lancasteronline.com/insider/columbia-and-elanco-school-districts-adopt-innovative-plan-to-share/article_e5531ed8-3869-11e6-9c76-273d3536fb7f.html (accessed July 3, 2017).
[314] Ibid.

While it is too soon to tell if the arrangement will greatly affect the Columbia's academic achievement, the school's performance has been poor in recent years. Both the graduation rate and state testing scores of Columbia Borough have been well below state averages. Notably, according to the 2014-15 school year data, only 64 percent of student receive diplomas from Columbia High School within four years, compared to the state average of 85 percent.[315]

District Graduation Rates

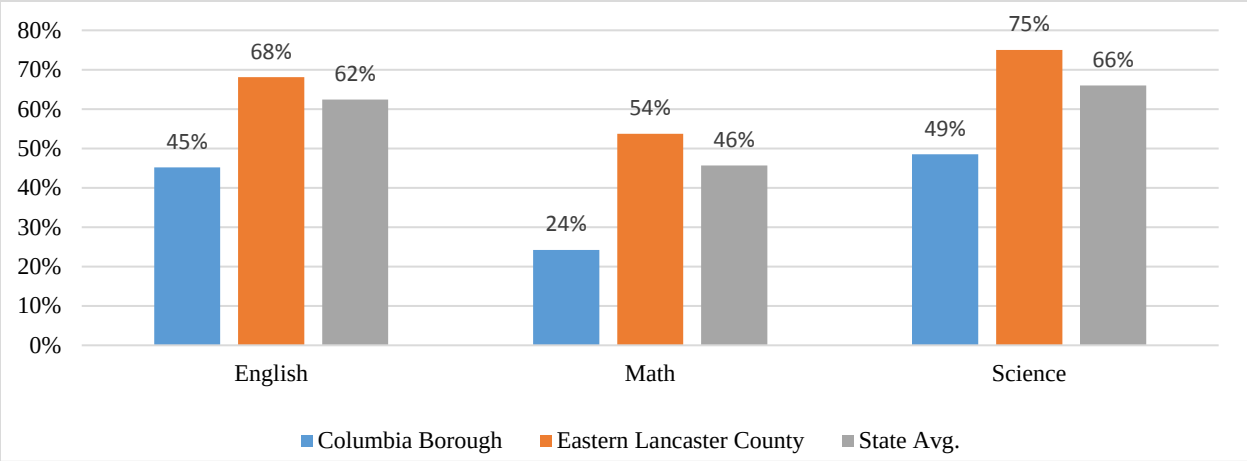


Source: Pennsylvania Department of Education publicly available information. Analysis by JSGC.

The drop-out rate for Columbia high school students has risen from 2.9 in 2006 to 5.5 in 2016, compared to .7 percent in Eastern Lancaster County.[316] The average school performance profile score in Columbia Borough was 59 in 2016, compared with the state average of 73 and Eastern Lancaster's score of 76.[317] Throughout the last five years, Columbia Borough School District was approximately 15-20 percent below the state average in English, Math, and Science during state exams. Both the district's elementary school and high school were ranked in the bottom 15 percent of their school type during the 2013-14 PSSA.[318]

[315] Pennsylvania Department of Education. *Eastern Lancaster County SD: District Fast Facts*, available at http://paschoolperformance.org/Profile/144 (accessed July 14, 2017).
[316] Pennsylvania Department of Education. "2014-2015 Pennsylvania 4-Year Cohort Graduation Rates," available at http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx#tab-1 (accessed July 3, 2017).
[317] Pennsylvania Department of Education. "Eastern Lancaster County SD: District Fast Facts", available at http://paschoolperformance.org/Profile/144 (accessed July 14, 2017).
[318] Pennsylvania Department of Education. "2015-16 Opportunity Scholarship Tax Credit Program - List of Low Achieving Schools," available at http://www.education.pa.gov/Documents/K-12/Opportunity%20Scholarship%20Tax%20Credit%20Program/2015-16%20OSTCP%20-%20List%20of%20Low%20Achieving%20Schools.pdf (Accessed July 14, 2017).

2016 State Testing Scores



Source: Pennsylvania Department of Education publicly available information. Analysis by JSGC.

Creating Contractual Agreements: Process

The PSBA report on school districts' merger/consolidation forcefully asserts: "Merger discussions have been productive even when merger was rejected. The productive element is usually expanded cooperation among districts involved in merger discussions."[319]

Districts should be encouraged to investigate all the possibilities of mutually beneficial cooperation, from physical merger/consolidation to functional collaboration such as tuition or transportation contracts, joint purchasing supplies, or cooperative efforts in other areas. Research and practical experience indicate that if districts start consolidation discussions early, when they are both "healthy," it increases their chances at success. Any consolidation plans, whether for physical merger or "tuitioning out," need to be carefully prepared and rely on comprehensive, detailed, and fair formal contractual agreements.

[319] Pennsylvania School Board Association (PSBA). *Merger/Consolidation of School Districts: Does it save money and improve student achievement?* April 2009, available at http://mrea-mt.org/wp-content/uploads/2016/04/PA-psba-merger-consolidation.pdf (accessed May 4, 2017).

SCHOOL DISTRICTS IN FLUX: FOUR CASE STUDIES

This chapter contains case studies of several Pennsylvania school districts that have recently been considering reorganization. While offering detailed analysis of the circumstances of each district, this report does not presume to make any recommendations regarding the districts' consolidation or split. While the authors of this report hope that the information provided will be helpful to the districts considering reorganization or seeking alternative solutions to their current problems, the report cannot offer guidance or definitive statements regarding the feasibility of any one of the scenarios outlined below. Neither the Joint State Government Commission nor the Independent Fiscal Office endorse any of the options presented.

An important purpose of the case studies chapter is to enable the General Assembly and other readers to appreciate the complexity of any consolidation scenario and to increase their awareness of a vast number of factors that need to be taken into account in the discussion of any district reorganization, as well as a variety of positive and negative consequences that might result.

The range of these factors goes far beyond financial considerations, and even within the sphere of finances, estimates of possible outcomes are based on several assumptions: the legislature, PDE, and the courts can make a variety of decisions, such as changes in state funding, salary equalization, and others, that would have material impact on the feasibility of the process.

HR 910 directed the Independent Fiscal Office to assist the Joint State Government Commission in analyzing the fiscal aspect of school district reorganization. The following section was submitted by IFO and describes the methodology IFO utilized in its analyses of the financial implications of four tentative school district reorganization scenarios. The case studies that follow this section include the qualitative analyses performed by the JSGC staff and fiscal analyses conducted by the IFO.

IFO: Background and Methodology

The Independent Fiscal Office (IFO) was asked to examine four school district reconfiguration scenarios. For the purpose of this analysis, a reconfiguration could include a merger of two separate districts, a split of one district into two separate districts, the combination of a portion of one district with another district or some combination of the preceding options. The four scenarios presented to the IFO include the following:

1. Option A. Split the Blairsville-Saltsburg School District (BSSD) into two independent districts consisting of Blairsville and Saltsburg.

   Option B. Split the BSSD, leaving Saltsburg as an independent district and moving Blairsville to the Homer-Center School District (HCSD).

2. Move West Leechburg Borough from the Leechburg Area School District (LASD) to the Kiski Area School District (KASD).

3. Split the Steelton-Highspire School District (SHSD), moving Steelton to the Central Dauphin School District (CDSD) and moving Highspire to the Middletown Area School District (MASD).

4. Merge the Aliquippa School District (ASD) and Hopewell Area School District (HASD).

The implications from school district reconfiguration are complicated, and they may not be widely understood. A reconfiguration may raise various transitional, legal, logistical or administrative issues.

While the analysis does not address all such issues, it does consider revenue and funding issues that policymakers will confront due to reconfigurations. Material issues are as follows:

- The division and/or combination of district tax bases that have different property and earned income tax rates could result in some taxpayers paying more and others paying less. Dividing and/or combining tax bases also has implications for school districts, as per-student revenues in the new district may be higher or lower than the original district(s).

- The debt incurred by a district will be difficult to apportion to separate parts of the district.

- State funding, primarily basic education funding, is based on a complicated formula. The inputs to that formula will change after school district reconfiguration, and a district could receive larger or smaller increases in future state funding as a result.

- School districts employ different salary schedules. If instructional employees change school districts, the receiving school district would likely control the salary schedule. Personnel costs may increase depending on the salaries of the affected employees and the salary schedule of the receiving district. A new salary schedule would be created for a merged district, and the new schedule is likely to be based on the higher of the two individual schedules.

- Reconfiguring school districts may not reduce administrative costs, and could actually increase costs in some scenarios.

These policy issues are explored further in the five sub-sections contained within each scenario. The text that follows provides a brief description of the five sub-sections.

Tax Revenues

The first sub-section provides an overview of each school district's major local revenue sources, including property tax and earned income tax (EIT) revenues. For FY 2015-16, those two revenue sources comprised an average of 91 percent of total local funding for the nine districts included in the analysis. The analysis uses recent data on school district property values and income levels to estimate the impact of the four scenarios on these major revenue sources and their applicable tax rates. For scenarios in which a municipality changes school districts, the analysis assumes that the municipality adopts the millage and EIT rates of the receiving district.[320] Average Daily Membership (ADM) data from FY 2014-15 are also used to compute per capita student funding for each scenario and district.[321]

The analysis provides revenue collections before and after the proposed reconfiguration. For property taxes, the tabulations include (1) total property tax revenue, (2) property tax revenue per ADM, (3) property tax millage rates and (4) assessed property value. For earned income taxes, the tabulations include (1) total EIT revenue, (2) EIT revenue per ADM, (3) estimated taxable earned income and (4) EIT rates.

Debt and Debt Service

The second sub-section provides an overview of each school district's debt outstanding and debt service before and after reconfiguration. The analysis provides four key metrics including (1) debt service, (2) debt service per ADM, (3) debt outstanding and (4) debt outstanding per ADM. This sub-section also considers three parameters that could be used to apportion debt and debt service within a school district (for scenarios that require a split): (1) earned income, (2) assessed property value and (3) ADMs.

[320] The analysis uses this assumption to illustrate a general outcome. Policymakers may use other assumptions that would produce different outcomes.

[321] Throughout this analysis, the term ADM refers to the adjusted ADM as published by the Pennsylvania Department of Education.

State Funding

The third sub-section considers the impact of the scenarios on basic education funding (BEF) for the various school districts. FY 2016-17 is the second year that the new BEF formula is effective. The new formula is applicable only for amounts above what districts received in FY 2014-15 ($5.54 billion). For FY 2016-17, the amount above that base amount ($352 million, 6.0 percent of total BEF) was subject to the new funding formula.

The formula uses a wide variety of factors to drive out incremental basic education dollars. Relevant factors include: number of students, number of students living in households below the federal poverty level (FPL) or in low-income households, number of charter school students and limited English-proficient students, sparsity and overall size of the district, median household income, total district personal income and current market value of taxable properties within each district. More specifically, a school district's prorated share under the BEF formula is based on the product of three school district parameters: (1) the student-weighted ADM, (2) the median household income index and (3) the local effort capacity index. A description of each parameter follows.

Student-Weighted Average Daily Membership (ADM)

In general, the student-weighted ADM is the average number of students in each district, with extra weight given to students who are:

1. living below the FPL, defined as households earning less than 100 percent of the FPL (added weight of 0.6 per student);

2. low income, defined as households earning between 100 and 184 percent of the FPL (added weight of 0.3 per student);

3. living in school districts where more than 30 percent of students live in households earning less than 100 percent of the FPL (added weight of 0.3 per student);

4. limited English-proficient students (added weight of 0.6 per student); and

5. living in the district, but attending a charter or cyber charter school (added weight of 0.2 per charter or cyber charter school student).

Additionally, 30 percent of the smallest, most sparsely populated districts had their ADM increased an extra 2 to 163 ADM, depending on their overall ADM per square mile and number of students. Of the nine districts included in this analysis, only two districts (BSSD (32 ADM), HCSD (58 ADM)) received this rural increase.

A school district's student-weighted ADM is a metric used to assess the need for state funding. A higher figure implies more actual students or a higher proportion of students in need of extra support.

Median Household Income Index

The median household income index is calculated by dividing the state median household income ($53,599 for 2015) by the median household income for the district. The index ranges from 0.4520 to 2.7103 for all districts, and from 0.8447 (CDSD) to 1.7374 (ASD) for the nine districts included in this analysis. A value of 1.0000 indicates that the district's median household income is the same as the state's median household income. A value below 1.0000 indicates a higher median household income in the district compared to the statewide median, while a value above 1.0000 indicates the reverse. The index attempts to measure a district's ability to fund the education of its students.

Local Effort Capacity Index

The Local Effort Capacity Index equals the sum of the local effort index and the local capacity index.

1. The local effort index is the local effort factor multiplied by the lesser of 1.0 or the excess spending factor. The local effort factor divides a district's local tax-related revenue[322] by its median household income multiplied by the total number of households. The resulting figure is multiplied by 1,000 and divided by the statewide median. The local effort factor ranges from 0.120 to 2.450 for all districts. For the nine districts included in this analysis, values range from 0.810 (KASD) to 1.390 (MASD). A higher value indicates that a greater share of the district's household income is used for school district taxes. The excess spending factor is calculated by dividing 1.0 by a district's current expenditures per student-weighted ADM divided by the statewide median. Values range from 0.4526 to 1.7777 for all districts. For the nine districts included in this analysis, values range from 0.8392 (BSSD) to 1.7445 (SHSD).

2. If a school district's local capacity per student-weighted ADM is equal to or greater than the statewide median, the local capacity index is zero.[323] Otherwise, the local capacity index is calculated by dividing its local capacity per student-weighted ADM by the statewide median. The local capacity index ranges from 0 to 0.83 for all districts. For the nine districts included in the analysis, values range from 0 (CDSD and HASD) to 0.64 (ASD). A higher value indicates less ability a district has to raise funds from the local level. Districts with low property values and personal income per ADM compared to the statewide median have higher local capacity indexes.

[322] The local tax-related revenue is the sum of the total tax revenue collected by the district, district revenue from other local government units, other district revenues not specified elsewhere and the state property tax reduction allocation.
[323] Local capacity per student-weighted ADM for each school district is calculated by multiplying the sum of its property market value and personal income by the statewide median local effort rate. That result is then divided by the student-weighted ADM. The local effort rate is the local tax-related income divided by the sum of the property market value and personal income.

Calculating the New Basic Education Funding (BEF) Across Scenarios

For the four scenarios, the first table in the state funding sub-section lists the most recent data for each item within the new BEF formula by the current school district. Since the new BEF formula currently distributes a small share of total BEF dollars and some of the calculations for the BEF are very complex for the proposed restructured school districts, it is difficult to assess how a merger or splitting of districts could impact school districts' BEF in the long term. Therefore, the analysis does not attempt to derive an exact impact on BEF, but rather notes areas within the formula that could increase or decrease the long-term state funding available to districts within each scenario. A second table in the sub-section displays relevant data for actual or estimated ADM, percentage of children age 6 to 17 living below the FPL or in low-income households, the total number of households and the median household income for current and proposed districts.

Other State Funds

In addition to the BEF, there are other state funds that are driven out by various school district factors. These items include the state share of school district pension costs and the Ready to Learn Block Grant. Because the BEF is so much larger than these line items, this analysis does not attempt to estimate these other items. However, it is likely that they would also be impacted by school district reconfiguration.

Salary Comparison/Standardization

The fourth sub-section discusses teacher union contracts for the districts in each scenario. Teacher salaries are negotiated between districts and the teachers' union. If there is a merger of two districts or parts of districts, a new teacher contract would be necessary to reconcile the two salary schedules. It is difficult to assess how the negotiations would conclude because outcomes would depend on local labor market conditions. The analysis does not attempt to quantify the cost (or savings) that may result from new labor contracts. Rather, the two salary schedules relevant for each merger are compared and differences are noted in the text. In certain cases, the text includes computations to quantify the general order of magnitude of any difference.

If districts merged, fringe benefits offered to district employees would also need to be reconciled. This memo does not address those benefits.

Administrative Costs

The final sub-section considers the impact on administrative costs if certain school districts merged or split. The analysis focuses on district-level administrative expenses and staff, which include superintendents, assistant superintendents, program supervisors or coordinators, and operations staff. Because it is not clear (or less likely) that district-level changes would impact individual school buildings, the analysis excludes any changes and associated costs in staffing (e.g., building principals) or administration at individual school buildings.

In order to assess how administrative costs could change under the four scenarios, the analysis derives a statewide ranking matrix. The 500 Pennsylvania school districts were ranked from lowest to highest based on the FY 2014-15 ADM. The schools were then separated into 10 groups of 50 schools each and assigned a decile with 1 containing the smallest districts and 10 containing the largest districts. Using the FY 2015-16 Annual Financial Report (AFR) data, administrative expenses (AFR function codes 2300, 2110 and 2500, excludes 2380) were computed on a per ADM basis. The number of full-time administrators per 1,000 ADM was calculated based on the FY 2015-16 Professional Personnel Individual Staff Report for Administrative/Supervisory and Coordinator staff. The table below displays the range of ADMs for each decile as well as the administrative spending and staff per ADM for each decile. The statewide comparison reveals that larger school districts have lower administrative costs and administrative staff per ADM due to economies of scale.

Statewide Administrative Comparison

Decile	Average Daily Membership			Administrative Spending Per ADM	Admin/Coordinators per 1,000 ADM
	Median	Minimum	Maximum		
1	659	10	816	$1,013	15.0
2	966	821	1,123	778	13.8
3	1,255	1,123	1,422	747	12.7
4	1,581	1,439	1,732	630	12.6
5	1,919	1,752	2,140	609	12.1
6	2,322	2,142	2,674	570	11.4
7	3,008	2,700	3,333	563	12.2
8	3,872	3,344	4,263	568	11.9
9	5,012	4,270	6,056	501	11.6
10	8,145	6,071	203,401	456	9.1
State	**2,141**	**10**	**203,401**	**539**	**10.9**

Source: Pennsylvania Department of Education (PDE). Calculations by the IFO.

CASE STUDY #1

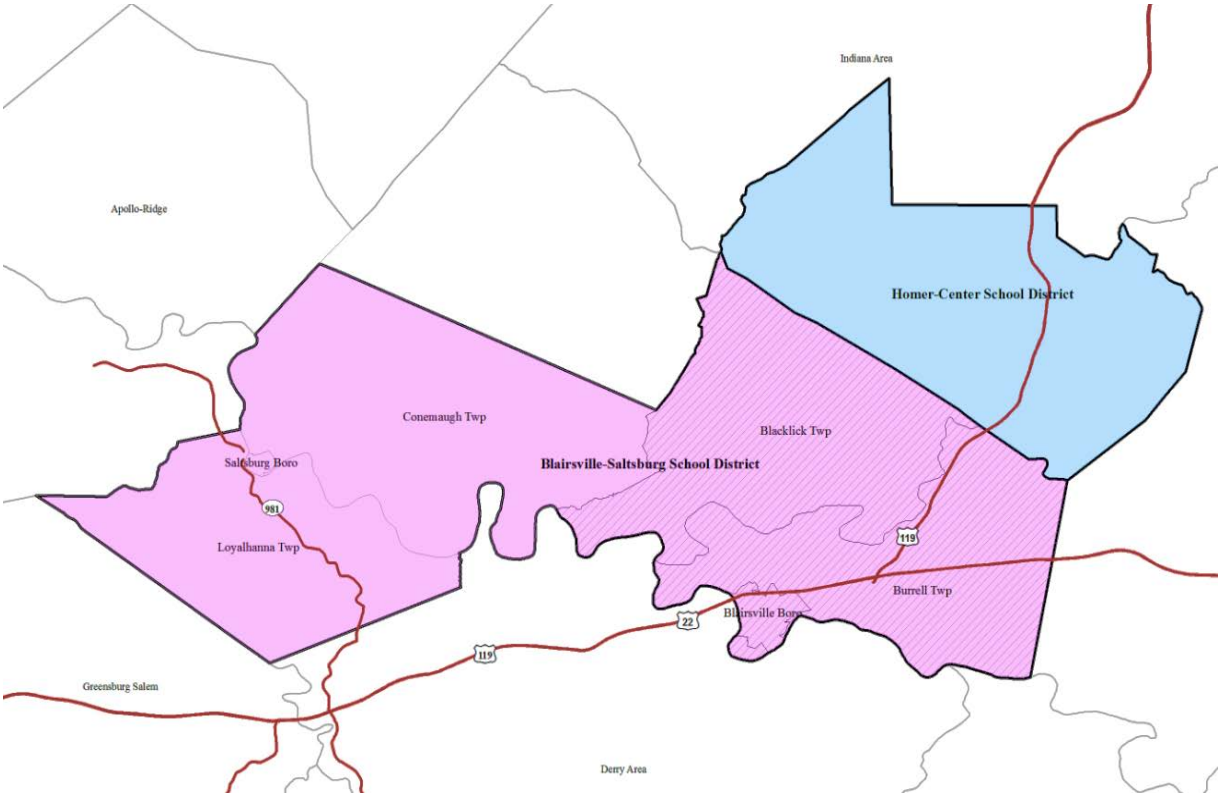
Blairsville-Saltsburg School District

Located 45 miles east of Pittsburgh, the Blairsville-Saltsburg School District is a mostly rural school district which serves the area's resident population of 14,459.[324] The district extends 110 square miles across southern Indiana County and a northern portion of Westmoreland County.[325] Currently, the Blairsville-Saltsburg School District maintains five buildings spread across two school campuses. In the 2015-16 school year, the Blairsville-Saltsburg District employed 143 professional staff members, who served a student body of 1,588.[326]

The Saltsburg campus is located at the western end of the district and offers grades K-12 to the Borough of Saltsburg and the nearby townships of Conemaugh, Loyalhanna, and Young.[327] In the eastern end of the district, the Blairsville campus educates children from the Borough of Blairsville and Black Lick and Burrell townships.[328] The Conemaugh River winds between the two campuses, which are separated by 17 miles.[329]

[324] Pennsylvania Department of Auditor General. *Blairsville-Saltsburg School District Indiana County, PA Performance Audit.* Harrisburg, PA, March 2014.
[325] Blairsville-Saltsburg School District. "About Us," http://www.edline.net/pages/Blairsville-Saltsburg_SD/District/About_Us_2 (accessed June 22, 2017).
[326] Pennsylvania Department of Education. *Blairsville-Saltsburg Deconsolidation Report*. Harrisburg, PA. March 2017. P. 17.
[327] Blairsville-Saltsburg School District. "About Us," http://www.edline.net/pages/Blairsville-Saltsburg_SD/District/About_Us_2 (accessed June 22, 2017).
[328] Ibid.
[329] Ibid.

The fastest travel route between the two ends of the district is U.S. Route 22.



The histories of Blairsville and Saltsburg are tied to the rich natural resources of Indiana County that first attracted settlers to the region, and to the trade routes which shaped the growth and development of these communities. Blairsville was founded in 1760; the town's namesake, John Blair, was the owner of the Indiana turnpike which crossed through the area.[330] By the time Blairsville was incorporated as a borough in 1825, it was already an active settlement with a wagon route linking Johnstown to the city of Pittsburgh.[331]

Saltsburg gained its name from the booming salt industry that defined the region for much of the 19th century.[332] Saltsburg is located at the conjunction of the Loyalhanna Creek, and the Conemaugh and Kiskiminetas Rivers, which made the location excellently situated for the Western Division of the Pennsylvania Canal.[333] Opening in 1829, the canal ran through both Blairsville and Saltsburg and operated for the next thirty years.[334] Saltsburg continued to develop around this

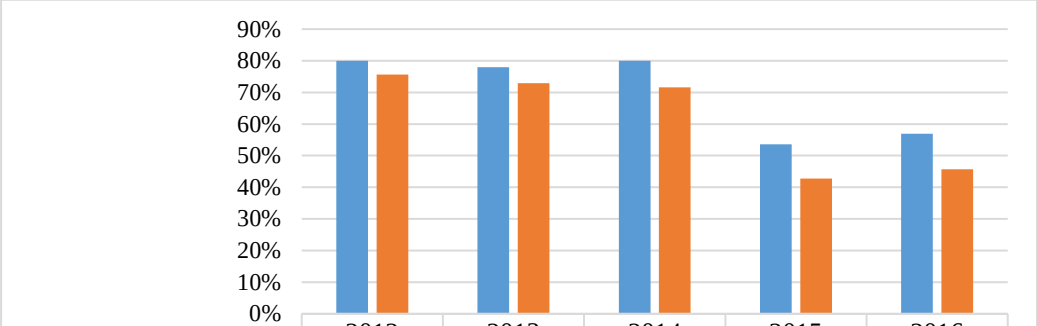
[330] *Blairsville Cemetery Historical Significance*, http://www.blairsvillecemetery.com/significance.htm (accessed June 14, 2017).
[331] *Blairsville Cemetery Historical Significance*, http://www.blairsvillecemetery.com/significance.htm (accessed June 14, 2017).
[332] Visit Saltsburg.com, "About Saltsburg," http://www.visitsaltsburg.com/about-saltsburg/ (accessed June 15, 2017).
[333] Ibid.
[334] Ibid.

canal and was officially incorporated as a borough in 1838.[335] As the canal industry dwindled, land between the two towns was purchased by the Pennsylvania Railroad Company, which constructed rail lines that first ran parallel to the canal in the mid-1800s and eventually inside the dried-out canal beds in the 1880s.[336]

Today Blairsville has a population of over 3,400 while Saltsburg has just fewer than 800 residents.[337] Demographically both communities are quite similar, composed of over 95 percent white residents.[338] The median household incomes between the two Boroughs are nearly identical at $41,000, which is $4,000 less than the median income of Indiana County. [339] The poverty rate in Saltsburg is 20.3 percent compared to Blairsville's 12 percent.[340] The median age of the residents of Blairsville-Saltsburg School District is 42 compared to the 39 of Indiana County.[341]

Despite the difficulties experienced over the last decade by the Blairsville-Saltsburg School District, their students have maintained a high level of academic achievement. The district was labeled as one of the top-performing school districts in Pennsylvania by Standard & Poor's due to its high levels of student performance on state Reading and Math tests.[342]

Percent of Students Proficient
or Above in Math in Blairsville-Saltsburg School District



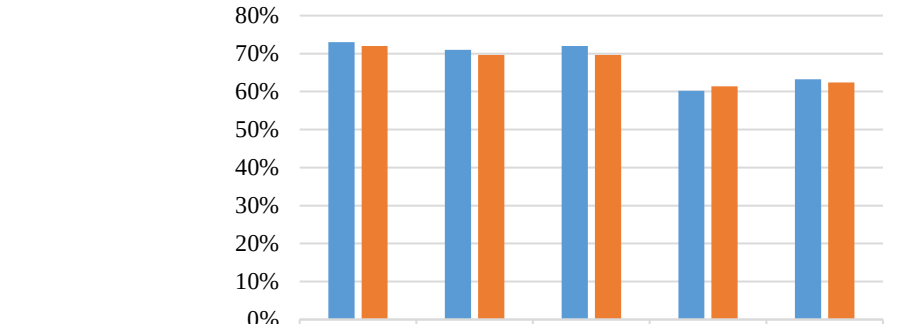
	2012	2013	2014	2015	2016
Blairsville-Saltsburg	80%	78%	80%	54%	57%
State Avg.	76%	73%	72%	43%	46%

Source: Information publicly available through PDE. Analysis by JSGC.

[335] Heinrich, Kira. PA Historic Preservation Blog. "Saltsburg or Bust" November 25, 2015. https://pahistoricpreservation.com/saltsburg-or-bust/ (accessed June 16, 2017).
[336] Visit Saltsburg.com, "About Saltsburg," http://www.visitsaltsburg.com/about-saltsburg/ (accessed June 15, 2017).
[337] US Census Bureau. "American Community Survey - 5 Year Estimate 2015" (accessed June 20, 2017).
[338] Ibid.
[339] Ibid.
[340] Ibid.
[341] Ibid.
[342] Blairsville-Saltsburg School District. "About Us," http://www.edline.net/pages/Blairsville-Saltsburg_SD/District/About_Us_2 (accessed June 23, 2017).

In Math, the Blairsville-Saltsburg School District scored 10 percent above the state average in the two latest consecutive years. In Reading, the district scored higher than Math, and has stayed within 2 percent of the state average for a five-year period. While the district's tests scores in both categories have declined starting in 2015, this is likely due to changes in the method of assessment, as it was mirrored by similar decreases state-wide. The district's historically underperforming (HU) students also scored higher than average in all subjects. In Math specifically, HU students are scoring 10-15 percent above the state average of that student population during a 2-year consecutive period.

Percent of Students Proficient or Above in Reading in Blairsville-Saltsburg School District



	2012	2013	2014	2015	2016
Blairsville-Saltsburg	73%	71%	72%	60%	63%
State Avg.	72%	70%	70%	61%	62%

Source: Information publicly available through PDE. Analysis by JSGC

Outside of state testing, the district has met other indicators of academic success. The district has reported acceptable attendance numbers and has exceeded the state's goal of 85 percent of students graduating within four years for the last five years. Both sides of the district seem to perform at comparable levels academically, based on a variety of factors assessed by the PDE in their school profile reports. In the 2015-16 school year, all Blairsville schools had an averaged performance profile score of 73.6, while Saltsburg schools averaged a score of 74.4.[343] Both communities surpassed the state-wide building average for the PDE profile score of 70.3.[344]

The Blairsville-Saltsburg School District has existed as a single entity for over fifty years. In the 1950s, pressure from the Pennsylvania Department of Education caused many diminutive individual school districts to consolidate into larger ones. A decade later, there was a second push for consolidation, which resulted in the Blairsville Joint School District and the Saltsburg Joint School District merging in 1964.[345] In 1966, the newly formed Blairsville-Saltsburg School district elected its first school board.[346] While the two districts were able to consolidate administration,

[343] Publicly available PDE Information analyzed by JSGC Staff.
[344] Publicly available PDE Information analyzed by JSGC Staff.
[345] Bernat, Stephanie. "Merger Talks Loom as Classes Begin Again." *Indiana Gazette.* August 28, 2005. P. A-8.
[346] Ibid.

the schools on each side of the district stayed largely the same, and both sides of the school district functioned relatively autonomously.[347] Decades later, the school district owned aging buildings on both sides of the district; however, the school board could not agree on a plan to centralize the district in a new location or raise the necessary community support to make a relocation possible.[348] In the 1980s a new Saltsburg Middle/High School was built, followed by the construction of a new Blairsville campus in 1994.[349] The construction of these buildings forestalled any further discussion of a centrally located school. Equalizing the academic curriculum between the two communities became the focus of the school district.[350]

During the last twenty years, the same dwindling enrollment and growing financial strain which faced many of Pennsylvania's schools led the Blairsville-Saltsburg district to scale back on extracurricular activities and elective courses.[351] These constraints are said to have motivated the district's administration to put forward a proposal in 2005 and again in 2014 to bus all older students to Blairsville.[352] The proposal involved closing the Saltsburg Elementary School and renovating the current Saltsburg Middle-High School to hold the Saltsburg's K-6th grade students while secondary students would be sent to Blairsville Middle and High Schools.[353] The plan was opposed by a vocal segment of the Saltsburg community who cited many concerns including average bus ride lengths exceeding 45 minutes, a preference for smaller class sizes, a concern for the safety of students driving on U.S. 22, and the exclusion of Saltsburg students from participating in extracurricular activities located in Blairsville.[354] Perhaps the most important reason for Saltsburg residents to reject this plan was a desire to keep their community intact.

After the most recent effort to consolidate district buildings ended in a tie between board members in 2015, a special committee of the Blairsville-Saltsburg School District was formed to investigate the possibility of deconsolidation.[355] The special committee released a set of projections with the goal of proving that Saltsburg was capable of funding their schools independently from Blairsville. Some residents of Blairsville had the perception that since their community was generating more revenue, they were in essence subsidizing the smaller Saltsburg schools at no advantage to their own students.[356]

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[347] Ibid.
[348] Ibid.
[349] Ibid.
[350] Ibid.
[351] Kusic, Sam. "Budget Cuts, Declining Enrollment Take Toll on District." *Indiana Gazette*, June 12, 2011, available at https://www.indianagazette.com/news/indiana-news/budget-cuts-declining-enrollment-take-toll-on-area-school-districts,104187/ (accessed June 14, 2017).
[352] Ward, Paula Reed. "Saltsburg Fighting to Keep its School." *Pittsburg Post-Gazette.* May 30, 2005.
[353] Weaver, Margaret. "Blairsville Saltsburg Board Deadlocks over Reconfiguration." *Indiana Gazette*, February19, 2015.
[354] Ward, Paula Reed. "Saltsburg Fighting to Keep its School." *Pittsburg Post-Gazette.* May 30, 2005.
[355] Weaver, Margaret. "Blairsville-Saltsburg: School Reconfiguration Foes Look for Support to Separate." *Indiana Gazette*. June 3, 2015.
[356] Weaver, Margaret. "Blairsville-Saltsburg Board Deadlocks over Reconfiguration." *Indiana Gazette*. February 19, 2015.

The figures produced by the deconsolidation committee were reviewed by the Pennsylvania Economy League (PEL), which analyzed the independent Saltsburg projections to reconfigure school districts. PEL representatives found "no fatal errors in either the calculations or assumptions used for the committee's conclusions" to separate Saltsburg School District and offered additional suggestions on how to approach deconsolidation.[357] According to the PEL review, if separated, the Saltsburg District would have more revenue than expenses along with a sufficient portion of unassigned general fund balance to act as a safety net.[358] While Blairsville members of the school board were initially favorable to accepting the bussed Saltsburg students, they were eventually swayed by the arguments for deconsolidation.[359]

In 2015, the school board unanimously voted to deconsolidate the district.[360] Since there are no provisions in the Pennsylvania School Code to address deconsolidation, legislative action would be required to separate the school district.[361] In response to the school board's decision to deconsolidate, Act 85 of 2016 was passed by the Pennsylvania General Assembly. This bill directed PDE to study the effects of deconsolidation on the financial stability and academic achievement of the two newly formed districts. PDE hired the Public Financial Management (PFM) to conduct the study, which was released in the spring of 2017. Overall, the results of PDE's deconsolidation report were less optimistic than previous assessments and emphasized many of the possible negative consequences of deconsolidation: "both communities would be faced with maintaining core administrative services <…> and overhead costs over smaller student enrollment bases, absorbing a fair proportion of the current district's long-term debt, and managing declining surplus and fund balance in the face of externally-mandated costs."[362] The study indicated that while Blairsville could survive the deconsolidation, Saltsburg may struggle with both the short- and long-term financial difficulties.

If deconsolidated, the Blairsville Independent School District is projected to have a surplus in the 2017-18 school year; however, the surplus would be halved the following year.[363] The Saltsburg Independent School District is projected to have a deficit of more than $2.8 million in the 2017-18 school year; the deficit is estimated to increase to nearly $3.2 million in 2018-19."[364] In the opinion of the PDE evaluators, "the Saltsburg Independent School District would not be able to sustain operations through increased revenues from local sources, and <…> the school district would be required to seek deep reductions in expenditures to achieve a balanced budget."[365]

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[357] Pennsylvania Economy League. *Independent Review and Evaluation of a Study of the Separation of the Blairsville-Saltsburg School District.* Wilkes-Barre, PA, 2015. P.7.
[358] Ibid.
[359] Weaver, Margaret. "Blairsville-Saltsburg: School Board Votes to Split District" *Indiana Gazette.* September 17, 2015.
[360] Ibid.
[361] Pennsylvania Economy League. *Independent Review and Evaluation of a Study of the Separation of the Blairsville-Saltsburg School District.* Wilkes-Barre, PA, 2015. P. 7.
[362] Pennsylvania Department of Education. *Blairsville-Saltsburg Deconsolidation Report.* Harrisburg, PA. March 2017. P. 15.
[363] Pennsylvania Department of Education. *Blairsville-Saltsburg Deconsolidation Report.* Harrisburg, PA. March 2017. P. 9.
[364] Ibid.
[365] Ibid.

As both sides of the school district are relatively self-contained, the PDE study concluded that it would be difficult to share teachers between the two districts and that a deconsolidation probably would not affect the school districts' academics in the short term.[366] Instead, PDE contended that the main risk to the schools academics was that the financial strain of splitting up the district combined with declining enrollment would eventually negatively impact student achievement. In PDE's scenario regarding Saltsburg, it assumed that the school district would not be able to raise taxes enough to cover its deficit and that the district would have to dramatically reduce its teaching staff. [367]

Overall, multiple differences exist between the deconsolidation committee's projections and the PDE's deconsolidation report. The PEL budget for the newly independent Saltsburg estimated that the district would collect $5 million in local revenue, compared with $4.5 million assumed by the PDE study. Another major difference between the studies is the cost of creating new administrative positions on both sides of the district. The PDE study estimated $1.5 million annually paid to administrators, compared to the yearly amount of $700,000 assumed by the Saltsburg residents. Another large difference in the economic projections is the school district's debt. The deconsolidation committee based their estimates on Saltsburg School District restructuring its debt to be paid off over a 20-year period.[368] Both the PEL and PDE have noted that all district-level agreements would have to be renegotiated during deconsolidation, including technical centers, the Intermediate Unit, and college dual-enrollment partners. Union contracts would also need to be restructured. Currently, the Blairsville-Saltsburg Education Association and Blairsville Saltsburg Education Support Professionals have not voiced support to separate the district.[369]

One possibility that has not been fully explored is the cost of deconsolidating the school district and encouraging the resulting districts to adopt an agreement to share a superintendent, business manager, and administrative personnel. This would mitigate some of the additional costs associated with deconsolidating the district. Likewise, a co-operative sports agreement could be formed to allow the separate districts of Blairsville and Saltsburg to maintain those sports programs which are already consolidated. Other possible areas for inter-district cooperation include transportation, IT, and cafeteria services. This option is likely more expensive than keeping the Blairsville-Saltsburg district intact and would rely on the willingness of the two newly formed school boards to agree to take on high levels of inter-district cooperation. This suggestion would not take any steps to prevent the projected decline in enrollment that PDE has projected for both communities.

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[366] Ibid.

[367] Pennsylvania Department of Education. *Blairsville-Saltsburg Deconsolidation Report.* Harrisburg, PA. March 2017. P. 10.

[368] Weaver, Margaret. "Blairsville-Saltsburg: Group Disputes Education Department Report on Separation." *Indiana Gazette*. April 20, 2017.

[369] Weaver, Margaret. "Blairsville-Saltsburg: Teachers Union Lists Concerns about School Separation." *Indiana Gazette.* February 16, 2017.

IFO Scenario #1: Blairsville-Saltsburg and Homer-Center School Districts

The Blairsville-Saltsburg School District (BSSD) includes students from seven municipalities (Black Lick Township, Blairsville Borough, Burrell Township, Conemaugh Township, Loyalhanna Township, Saltsburg Borough and Young Township). All of the municipalities are located in Indiana County, with the exception of Loyalhanna Township, which is located in Westmoreland County. All students who reside in Black Lick Township, Blairsville Borough and Burrell Township and are enrolled in BSSD attend Blairsville Elementary School, Blairsville Middle School or Blairsville High School in Burrell Township. All other BSSD students attend either Saltsburg Elementary School or Saltsburg Middle/High School, which are located in Conemaugh Township. According to FY 2016-17 enrollment data, 63.5 percent of all BSSD students attend a Blairsville school and 36.5 percent attend a Saltsburg school.

The Homer-Center School District (HCSD) includes students from Center Township and Homer City Borough in Indiana County. It has one elementary school and a combined middle and high school.

This first scenario has two options. The first option divides Blairsville and Saltsburg into two separate districts. The second option merges the new Blairsville SD with HCSD. This scenario uses enrollment data from PDE for FY 2016-17 and applies it to FY 2014-15 ADM figures to inform the number of students in the new school districts. For FY 2014-15, BSSD had 1,663 ADM. Assuming that BSSD is split by the respective buildings and all students remain in those buildings, Blairsville would have 1,057 ADM and Saltsburg would have 606 ADM. For FY 2014-15, HCSD had 856 ADM. If Blairsville merged with HCSD, the new Homer-Center SD would have a total of 1,913 ADM. The text that follows provides a discussion of the possible implications of these two options.

Tax Revenues

Revenue Snapshot for Blairsville-Saltsburg and Homer-Center School Districts

	Blairsville-Saltsburg	Homer-Center
Local Revenue for FY 2016-17 ($ millions)[1]	$13.0	$6.7
Average Daily Membership (ADM) FY 2014-15	1,663	856
Local Revenue per ADM	$7,846	$7,842
FY 2016-17 Property Tax Revenue ($ millions)[1]	$10.7	$5.5
Property Tax Revenue per ADM	$6,459	$6,431
FY 2016-17 Assessment Value ($ millions)	$647.6	$351.1
FY 2016-17 Millage Rate[2]	see note	16.5091
Earned Income Tax (EIT) Revenue ($ millions)[3]	$1.8	$1.0
EIT Revenue per ADM	$1,063	$1,190
Taxable Earned Income ($ millions)[4]	$235.6	$113.2
EIT Rate	0.75%	0.90%

[1] BSSD revenue is based on FY 2016-17 budget. HCSD revenue is estimated based on assessed property value provided by HCSD. Figures include current & interim collections plus Act 1 relief allocations.
[2] There are two millage rates in BSSD: 15.98 in Indiana County and 109.86 in Westmoreland County.
[3] Includes Act 1 and Act 511 earned income tax revenues for FY 2015-16.
[4] Estimated total taxable earned income calculated by the IFO.

Sources: PDE, State Tax Equalization Board (STEB), Department of Community and Economic Development (DCED). Calculations by the IFO.

Scenario 1 Implications

	Option A		Option B	
	Blairsville	**Saltsburg**	**Homer-Center + Blairsville**	**Saltsburg**
ADM	1,057	606	1,913	606
Property Tax Revenue ($ millions)	$7.0	$3.8	$12.1	$3.8
Property Tax Revenue per ADM	$6,605	$6,203	$6,329	$6,203
Assessment Value ($ millions)	$420.9	$226.6	$772.0	$226.6
Millage Rate[1]	15.9800	see note	16.5091	see note
EIT Revenue ($ millions)	$0.9	$0.8	$2.1	$0.8
EIT Revenue per ADM	$886	$1,371	$1,091	$1,371
Taxable Earned Income ($ millions)	$124.9	$110.7	$238.1	$110.7
EIT Rate	0.75%	0.75%	0.90%	0.75%

[1] The new Saltsburg SD will levy two millage rates: 15.98 in Indiana County and 109.86 in Westmoreland County.
Source: Calculations by the IFO.

Option A Summary – Split BSSD into Blairsville SD and Saltsburg SD

Due to a reassessment in Indiana County that impacted property values and millage rates beginning in FY 2016-17, the property tax analysis for this scenario includes property values and property tax revenue estimates for FY 2016-17. For BSSD, all revenue and property value data are from the district's FY 2016-17 budget. For HCSD, total local and property tax revenue are estimated by the IFO based on FY 2016-17 assessed property value provided by the school district and the FY 2016-17 millage rate. Based on 2015 assessment value splits from the State Tax Equalization Board (STEB), 65 percent of BSSD assessed value and property tax revenue is attributable to Blairsville and the remaining 35 percent is attributable to Saltsburg. It is assumed that Blairsville retains the millage rate of 15.9800 and Saltsburg continues to levy the current rates of 15.9800 in Indiana County and 109.9800 in Westmoreland County.

Based on American Community Survey (ACS) 2015 five-year income data, 53 percent of earned income is attributable to Blairsville and 47 percent to Saltsburg. Each district retains the current EIT rate.

Based on these assumptions/parameters, the analysis derives the following results:

- The new Blairsville SD generates $7.0 million in property tax revenues ($6,605 per ADM) and $0.9 million in EIT revenues ($886 per ADM).

- The new Saltsburg SD generates $3.8 million in property tax revenues ($6,203 per ADM) and $0.8 million in EIT revenues ($1,371 per ADM).

In terms of combined revenue from property taxes and EIT, Blairsville SD receives a decrease of $31 per ADM and Saltsburg SD receives an increase of $52 per ADM compared to the current BSSD funding.

Option B Summary – Split BSSD and Merge Blairsville SD with HCSD

All calculations used in Option A to separate BSSD are carried over in this option. All figures for the new Saltsburg SD are also carried over.

For the new Homer-Center SD, it is assumed that the assessed property value from the Blairsville SD is added to HCSD, and the current HCSD millage rate is applied to the combined assessed value.[370] Based on this assumption, property tax revenue is recomputed. The millage rate for property owners in Blairsville SD increases from 15.9800 to 16.5091.

The same approach is used for EIT revenues. Specifically, the earned income that was apportioned to the Blairsville SD is added to HCSD, and the HCSD EIT rate of 0.90 percent is applied to calculate EIT revenue.

Based on these assumptions, the analysis derives the following results:

- The new Homer-Center SD generates $12.1 million in property tax revenue ($6,329 per ADM) and $2.1 million in EIT revenue ($1,091 per ADM).

- In terms of combined revenue from property taxes and EIT, the new Homer-Center SD realizes a decrease of $202 per ADM.

Debt and Debt Service

The table below provides a summary of debt and debt service for BSSD and HCSD before the proposed reorganization.

[370] FY 2016-17 assessed value for HCSD was provided by HCSD and property tax revenue was estimated based on the FY 2016-17 millage rate.

Scenario 1 Debt Summary

	Blairsville-Saltsburg	Homer-Center
Total Expenditures ($ millions)	$30.3	$15.4
Debt Service ($ millions)	$1.8	$1.4
Debt Service as Share of Expenditures	5.8%	9.3%
Debt Service per ADM	$1,058	$1,679
Debt Outstanding at end of FY ($ millions)	$61.9	$38.3
Debt Outstanding per ADM	$37,212	$44,749

Note: All data are for FY 2015-16.

Source: FY 2015-16 Annual Financial Report, PDE. Calculations by the IFO.

The following two tables display the implications from the two options on school district debt and debt service based on the metric used to apportion debt in the original district: (1) earned income, (2) assessed value or (3) ADM.

Scenario 1 (Option A) Debt Implications

School District	Earned Income		Assessed Value		ADM	
	BSD	SSD	BSD	SSD	BSD	SSD
Debt Service ($ millions)	$0.8	$0.9	$1.3	$0.4	$1.1	$0.7
Debt Service per ADM	$782	$1,538	$1,248	$726	$1,032	$1,103
Debt Outstanding ($ millions)	$29.1	$32.8	$46.4	$15.5	$38.4	$23.5
Debt Outstanding per ADM	$27,517	$54,122	$43,910	$25,529	$36,299	$38,805

Source: Calculations by the IFO.

Scenario 1 (Option B) Debt Implications

School District	Earned Income		Assessed Value		ADM	
	HCSD	SSD	HCSD	SSD	HCSD	SSD
Debt Service ($ millions)	$2.3	$0.9	$2.8	$0.4	$2.5	$0.7
Debt Service per ADM	$1,183	$1,568	$1,441	$726	$1,321	$1,103
Debt Outstanding ($ millions)	$67.4	$32.8	$84.7	$15.5	$76.7	$23.5
Debt Outstanding per ADM	$35,228	$54,122	$44,285	$25,529	$40,080	$38,805

Source: Calculations by the IFO.

State Funding

The table on the next page displays the most recent data for each item in the new BEF formula for the current BSSD and HCSD. A second table displays some of the more important items within the BEF formula for current and restructured districts. The tabulations for "New Districts" were calculated by the IFO using ACS 2015 five-year data as well as enrollment data for the various schools within the BSSD. The table reveals the following:

- It is unclear if the new Saltsburg SD would receive more or less future state funding per ADM as a result of the split with Blairsville. While the increase in median household income (+$3,543) and decrease in share of students living in low-income households (-2.7 percentage points) would reduce the new district's state support, the increase in the share of students living below the FPL (+9.9 percentage points) would enhance the new district's state support.

- The new Blairsville SD would likely receive less state support per ADM due to the decrease in students living below the FPL (-1.8 percentage points). However, this would be partially offset by a minor increase in students living in low-income households (+0.5 percentage points) and a small decrease in median household income (-$1,519), which would both increase state support.

- It is unclear if the new Homer-Center SD would receive more or less state funding per ADM as a result of the merger. While it would receive more state support due to the drop in median household income (-$1,583), it would lose state support due to a drop in the share of students living in low-income households (-2.0 percentage points).

Overview of
Blairsville-Saltsburg and Homer-Center School Districts' BEF

	Blairsville-Saltsburg	Homer-Center
Total 2016-17 Estimated BEF ($ thousands)	$9,440	$5,508
BEF Base Allocation ($ thousands)	$9,115	$5,323
2016-17 Estimated New BEF Formula ($ thousands)	$325	$185
2014-15 Adjusted ADM	1,663	856
2013-14 Adjusted ADM	1,692	863
2012-13 Adjusted ADM	1,774	866
2016-17 BEF Three-Year Average ADM	1,710	862
2015 Share Living Below the FPL (<100% FPL)	15.3%	13.5%
2015 Share Living in Low-Income (100 -184% FPL)	23.7%	27.8%
2015-16 Number of Limited English-Proficient Students	2	1
2014-15 Charter School ADM	58	13
2010 Total Square Miles	111	41
2014-15 ADM per Square Mile	15.0	20.8
2014-15 Sparsity Ratio	0.801	0.725
2014-15 Size Ratio	0.757	0.875
2014-15 Sparsity/Size Ratio	0.7697	0.8146
2014-15 Sparsity/Size Adjustment	31.701	57.992
Total Student-Weighted ADM	2,025	1,064
2015 Median Household Income	$44,851	$46,250
2015 Median Household Income Index	1.195	1.1589
2015-16 Local Tax-Related Revenue ($ millions)	$13.9	$6.9
2015 Number of Households	5,737	2,701
2015 Local Effort Factor	1.06	1.07
2015 STEB Market Value ($ millions)	$504	$260
2014 Adjusted Personal Income ($ millions)	$268	$120
2014-15 Current Expenditures ($ millions)	$27.7	$13.9
2014-15 Current Expenditures per Student-Weighted ADM	$13,685	$13,084
2014-15 Excess Spending Factor	0.8392	0.8936
2014-15 Local Effort Index	0.89	0.96
2014-15 Local Capacity per Weighted Student	5,230	4,808
2014-15 Local Capacity Index	0.21	0.27
Local Effort Capacity Index (LECI)	1.10	1.23
Student-Weighted ADM * Median HH Index * LECI	2,662	1,516

Source: PDE, FY 2016-17 Estimated Basic Education Funding.

Comparison of
Current Districts to Proposed Districts

	14-15 ADM	% of Age 6-17 Living Below FPL	% of Age 6-17 Living in Low-Income	Number of Households	Median Household Income
Current Districts					
Blairsville-Saltsburg SD	1,663	15.3%	23.7%	5,737	$44,851
Homer-Center SD	856	13.5%	27.8%	2,701	$46,250
New Districts					
Blairsville	1,057	13.5%	24.2%	3,201	$43,332
Saltsburg	606	25.1%	21.0%	2,536	$48,394
Homer-Center + Blairsville	1,913	13.5%	25.8%	5,902	$44,667

Sources: Current district data are from PDE. New district data are based on the FY 2016-17 enrollment data by school building and various ACS 2015 5-year data for municipalities within the districts. Calculations by the IFO.

Salary Comparison/Standardization

BSSD and HCSD have similar salary structures. (See tables on next page.) The bullet points below describe the similarities as well as some minor differences.

- BSSD and HCSD have general salary schedules for staff who have a bachelor's degree, master's degree, master's degree plus 15 credits and master's degree plus 30 credits. Additionally, both districts have separate categories for instructors, although HCSD currently does not have any staff in that category, and BSSD employs 11 instructors.

- BSSD has 15 steps while HCSD has 11 steps, including the first three steps which currently do not contain any staff.

- The largest two categories of unionized employees are those with a bachelor's degree or a master's degree (with less than 15 extra credits). These two categories comprise over three-quarters of all unionized employees for both districts. Overall, BSSD starts employees at a lower salary than HCSD (roughly 7.0 percent lower), but BSSD unionized employees earn a slightly higher salary (roughly 2.0 percent higher) at the top end of the salary scale.

- For employees with a bachelor's degree, BSSD salaries range from $57,583 to $75,332 (46 percent earn the top salary), and HCSD salaries range from $62,027 to $73,607 (68 percent earn the top salary).

- For employees with a master's degree, BSSD salaries range from $60,046 to $79,952 (49 percent are on the final step in their category), and HCSD salaries range from $64,527 to $76,856 (78 percent are on the final step in their category).

If Blairsville teachers were added to HCSD, then the 51 unionized employees within HCSD who earn the top salary for their educational background would earn less than teachers from BSSD who reached the top tier of their salary schedule. If an adjustment is made to those 51 teachers to equalize pay with employees in the top step of BSSD, salary costs would increase roughly $103,000 for the proposed merged district, excluding added employer payroll taxes and pension costs associated with those higher salaries. Additionally, since HCSD currently does not have any instructors, instructors from BSSD merged into HCSD would likely maintain their current salary. However, the HCSD instructor salary schedule would likely need to be revised and reconciled to BSSD's current salary schedule.

Blairsville-Saltsburg School District Salary Matrix
(FY 2016-17)

Step	Instructor	Bachelor's	Master's	Master's+15	Master's+30
1	$46,730	$57,083	$58,546	$60,046	$61,546
2	47,730	57,583	59,046	60,546	62,046
3	48,730	58,083	59,546	61,046	62,546
4	49,730	58,583	60,046	61,546	63,046
5	50,730	59,096	60,546	62,046	63,546
6	51,730	59,596	61,046	62,546	64,046
7	52,730	61,216	62,666	64,166	65,666
8	53,730	62,836	64,286	65,786	67,286
9	54,730	64,457	65,907	67,407	68,907
10	55,730	66,078	67,528	69,028	70,528
11	56,730	67,699	69,149	70,649	72,149
12	57,730	69,320	70,770	72,270	73,770
13	58,730	70,941	72,391	73,891	75,391
14	59,730	72,902	74,522	76,022	77,522
15	60,730	75,332	76,952	78,452	79,952

Note: Has doctoral level salary matrix, but there are currently no doctoral instructional staff.
Source: Salary matrix provided by Blairsville-Saltsburg School District.

Homer-Center School District Salary Matrix
(FY 2016-17)

Step	Instructor	Bachelor's	Master's	Master's+15	Master's+30
1	$54,102	$58,642	$61,137	$61,916	$62,711
2	55,102	60,027	62,527	63,306	64,101
3	56,102	61,027	63,527	64,306	65,101
4	57,102	62,027	64,527	65,306	66,101
5	58,102	63,027	65,527	66,306	67,101
6	59,102	64,027	66,527	67,306	68,101
7	60,102	65,652	68,152	68,931	69,726
8	61,102	67,302	69,802	70,581	71,376
9	62,102	68,952	71,452	72,231	73,026
10	63,102	70,602	73,102	73,881	74,676
11	64,102	73,607	75,307	76,081	76,856

Note: Has an instructor/master's degree level salary matrix, but there are currently no union employees working as an instructor with a master's degree.
Source: Salary matrix provided by Homer-Center School District.

Administrative Costs

Administrative Cost Comparison:
Blairsville-Saltsburg and Homer-Center School Districts

		Admin/Coordinators per 1,000 ADM			Administrative Spending per ADM		
School District	**Decile**	**Value**	**State Avg.**	**Diff.**	**Value**	**State Avg.**	**Diff.**
Blairsville-Saltsburg SD	4	14.3	12.6	1.7	$718	$630	$89
Homer-Center SD	2	10.2	13.8	-3.5	$753	$778	-$24

Note: State averages represent the weighted average for districts in the same decile.
Source: PDE. Calculations by the IFO.

For FY 2014-15, BSSD district ranked in the 4th decile in terms of student population, and HCSD ranked 2nd due to its smaller size. Compared to statewide averages for their respective deciles, BSSD had a higher number of administrators and coordinators per 1,000 ADM (+1.7) and higher administrative spending per ADM (+$89). HCSD had a lower number of administrators and coordinators per 1,000 ADM (-3.5) and lower administrative spending per ADM (-$24). A comparison of the new districts under Options A and B reveals the following:

- For Option A, the existing district-level staff (e.g., superintendent, business manager, etc.) and associated salaries and expenses would likely move to one of the districts, and the other district would need to fill those positions, thus increasing administrative costs and staff.

- Due to the decline in student population, Saltsburg SD would move to the 1st decile. Districts in that decile have average administrative costs of $1,013 per ADM and 15.0 administrators and coordinators per 1,000 ADM. That movement could imply an increase in administrative costs on a per ADM basis.

- Blairsville SD would move to the 2nd decile. Districts in that decile have average administrative costs of $778 per ADM and 13.8 administrators and coordinators per 1,000 ADM. That movement could imply an increase in administrative costs on a per ADM basis.

- For Option B, the existing BSSD district level staff would likely remain with Saltsburg. However, the Saltsburg student total would be noticeably lower than BSSD, and it is unclear whether all existing district level positions would be necessary to maintain the same level of administration.

- Saltsburg SD would move to the 1st decile. Districts in that decile have average administrative costs of $1,013 per ADM and 15.0 administrators and coordinators per 1,000 ADM. That movement could imply an increase in administrative costs on a per ADM basis.

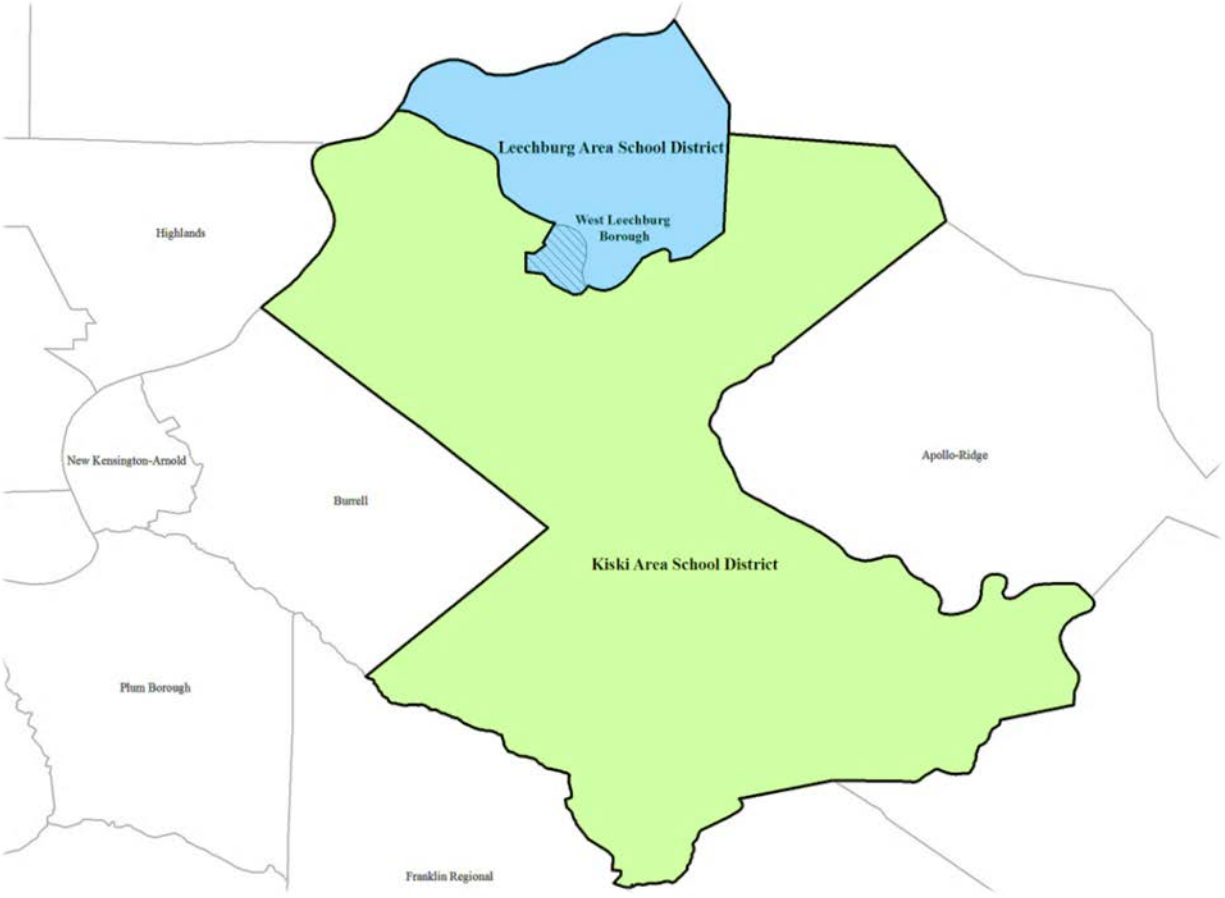
- For HCSD, it is likely that all existing district level staff would remain in the new Homer-Center SD. However, since the student population would increase substantially from the merger, it is possible that the new school district may need to hire additional district-level administrators to accommodate the larger student body.

- The higher student total pushes the new Homer-Center SD into the 5th decile. Districts in that decile have average administrative costs of $609 per ADM and 12.1 administrators and coordinators per 1,000 ADM. However, that movement need not imply a definitive change in administrative costs.

CASE STUDY #2

Leechburg Area SD

The Leechburg Area School District is a small, multi-county school district in southwestern Pennsylvania. Most of the district is in Armstrong County and is made up of Leechburg Borough and Gilpin Township. The school district extends over the Westmoreland County line to the borough of West Leechburg. The Leechburg Area School District is geographically bordered by the Kiski Area school district on three sides. Leechburg Area SD has two schools, an elementary school providing grades K-6, and a combined Junior/Senior High School for grades 7-12. The 20 square mile district has a resident population of approximately 6,000 people.[371] In 2015, Leechburg Area School District employed 14 support staff members, 8 administrators, and 64 teachers.[372]



[371] Pennsylvania Auditor General. *Performance Audit Leechburg Area School District*. Harrisburg, PA, November 2015 (accessed June 20, 2017).
[372] Pennsylvania Auditor General. *Performance Audit Leechburg Area School District*. Harrisburg, PA, November 2015 (accessed June 20, 2017).

The case of the Leechburg School District was brought to the attention of the Joint State Government Commission by residents of West Leechburg. Having become aware of HR 910 and seeking an acceptable solution to their problems, some of them reached out directly to JSGC and shared their concerns. Rising property taxes have become a major concern for the residents of West Leechburg. In the past eight years the millage rate for West Leechburg has risen from 93 mils in 2008 to 126.61 mils in 2016, making it the highest property tax rate in Westmoreland County.[373, 374] During the 2015-16 school year, the property tax bill for the median assessed value of a $17,862 house in West Leechburg was $2,130.[375] On the other side of the Leechburg Area School District, Gilpin and Leechburg were taxed 75.07 mils and paid $1,923 in property taxes despite the median value of a home being $7,000 higher than in West Leechburg.[376]

Some concerned citizens of West Leechburg have contacted JSGC with letters expressing their discontent. Because the Leechburg Area SD "spans two counties using different property assessment methods, a complex formula intended to equalize taxes is used."[377] The State Tax Equalization Board formula is out of the district's control. However, some West Leechburg residents are frustrated at the school board that, they feel, ignores the fact that any tax increase the board adopts has a dramatically higher impact on their community than on others. The latest example is quite recent: "When the school board approved the district's $13.8 million 2016-17 budget, it carried a 4 percent tax increase in Leechburg and Gilpin in Armstrong County – and a 6 percent increase in West Leechburg."[378] The plight of West Leechburg residents illustrates some of the difficulties faced by multi-county school districts.[379] Unique challenges of multi-county school districts, probably, deserve a special study.

The growing frustration of West Leechburg residents is understandable. Some of them calculated they would save $1,050 in taxes per year if they joined the Kiski Area SD.[380] Some of them suggested a merger with Kiski or Freeport. They feel the Leechburg Area School District is "the posterchild for school consolidations and mergers in the state of Pennsylvania."[381] As the Leechburg Area School District appears to be opposed to the idea of merging, some West Leechburg residents have raised the possibility of leaving their school district to become part of the Kiski Area SD, with the hope that leaving will decrease their property taxes while affording additional educational opportunities for their students. While not denying advantages of having a

[373] Garrone, Francine. "Leechburg Area trims tax increase slightly." *Triblive.com*. June 8, 2008 (accessed June 20, 2017).
[374] "2016 Millage Rates" Westmoreland County Website (accessed June 20, 2017).
[375] Balser, Emily. "Leechburg Area raises taxes" *TribLive.com*. June 19, 2015, available at http://triblive.com/neighborhoods/yourallekiskivalley/yourallekiskivalleymore/8585161-74/tax-leechburg-state (accessed June 28, 2017).
[376] Yerace, Tom. "Leechburg Area School District to Increase Taxes." *TribLive.com.* June 23, 2016, available at http://triblive.com/news/valleynewsdispatch/10680240-74/leechburg-district-tax (accessed June 20, 2017).
[377] Rittmeyer, Brian C. "West Leechburg Mulls Shifting School District to Kiski Area," available at Triblive.com. June 23, 2016, available at http://triblive.com/news/valleynewsdispatch/10809951-74/leechburg-district-west (accessed June 28, 2013).
[378] Ibid.
[379] The list of multi-county school districts in Pennsylvania can be found in Appendix H.
[380] Tarosky, Thomas. Personal Letter to the Joint State Government Commission, received on September 16, 2016.
[381] Ibid.

small school district, they argue that the Kiski Area SD would offer students a greater array of curricular and athletic opportunities.[382]

In addition to the financial difficulties experienced by Leechburg, the district has experienced other challenges in the past few years. In particular, a high turnover rate of superintendents has affected the district since four different people have held the position over the last decade.[383] In 2016, the school district experienced several incidents that impacted the community's trust in the schools, including an investigation on the basketball team for hazing, allegations that a substitute teacher abusing students went unreported by administrators, and the need to heighten security after incidents when a loaded gun and a gun-shaped knife were carried onto campus.[384]

Declining enrollment levels have also been an ongoing concern for the Leechburg Area School District. Currently, Leechburg educates fewer than 800 students, making it one of the smallest school districts in Pennsylvania.[385] Comparatively, the median district enrollment for the state is approximately 2,000 students.[386] In the 1993-94 school year, 971 students attended Leechburg, meaning there has been 20 percent decrease in 23 years.[387] While the Leechburg enrollment level is currently above its historic 2010 low of 775 students, PDE projections presently estimate that the district will shrink to 660 students by the 2025-26 school year.[388] A further decline in enrollment poses a major challenge to the long-term viability of the school district.

The Kiski Area School District covers 105 square miles; it is located in Armstrong and Westmoreland Counties and has a resident population of 29,000.[389] The Kiski Area School District has a total of 3,700 students.[390] During the 2015-16 school year, the Westmoreland County portion of the district had a median assessed value of $16,492 taxed at 85.3 mils, creating a property tax bill of $1,456. In the Armstrong County portion of the district, the median assessed value was $22,760 and was taxed 43.13 mils for property tax bill of $982. [391] As was the case in the Leechburg Area School District, the areas of Kiski Area School District with a lower median property value currently have a higher millage rate.

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[382] Tarosky, Thomas. Personal Letter to the Joint State Government Commission, received on July 11, 2016.
[383] Yerace, Tom. "Leechburg Area to Vote on New Superintendent." *Triblive.com*. June 10 2016 (accessed June 20, 2017).
[384] Weigand, Jodi. "Leechburg board 'appalled,' 'concerned' over latest abuse allegations in school." *Triblive.com*. June 17, 2016 (accessed June 20, 2017).
[385] Pennsylvania Department of Education. "2016 Enrollment Data" (accessed June 20, 2017).
[386] Pennsylvania Department of Education. "2016 Enrollment Data" (accessed June 20, 2017). Calculations performed by the JSGC staff.
[387] Pennsylvania Department of Education. "Enrollment in Public Schools 1993-94 Through 2012-13" (accessed June 20, 2017).
[388] Pennsylvania Department of Education. "Enrollment Projections" (accessed June 20, 2017).
[389] Pennsylvania Auditor General. *Kiski Area School District Performance Audit Report*. Harrisburg, PA. November 2013 (accessed June 20, 2017).
[390] Pennsylvania Auditor General. *Kiski Area School District Performance Audit Report.* Harrisburg, PA. November 2013 (accessed June 20, 2017).
[391] Balser, Emily. "Kiski Area School District weighs tax increase for 2017-18." *TribLive.com.* June 11, 2017 (accessed June 20, 2017).

In 2014, the district closed three elementary schools and renamed its four remaining elementary schools. The district also has an intermediate school for grades 7th and 8th and a high school for grades 9 through 12. It should be noted that the Kiski Area School District was created from the merging of several area districts in the 1960s and is an excellent example of a larger school district which has successfully created a united identity after it formed from nine municipalities, some of which were originally resistant to the idea of merging.[392] In 1962 the school opened a new high school building, which provided the newly formed district a fresh start.[393]

There is a statutory process that West Leechburg could use to leave Leechburg School District. The statute allows two or more school districts to reorganize by temporarily making part of a school district independent for the purposes of transferring it to another district.[394] The process for an area to move school districts is started by a signed petition of the majority of all taxable residents of the area.[395] This petition is presented to the Court of Common Pleas, which may hold hearings to gather more information about the transfer.[396] The Department of Education would review the petition, the Deputy Secretary would issue a decision based on educational merit, and the State Board of Education would also need to voice its approval. [397] If approved, the Court of Common Pleas decides how to divide the share of debts and obligations between the two districts.[398] Other residents of West Leechburg were skeptical of this process and suggested a more radical solution by dissolving West Leechburg into Allegheny Township so that their students would attend Kiski Area SD by default.[399]

This is not the first time that discussions about reorganizing Leechburg have been suggested. The small number of students attending the Leechburg Area School District compared with the high property tax rate has led the Leechburg Area SD to be the subject of several hypothetical discussions on merging; no official feasibility study has been conducted by the district. Standard & Poor's study on Pennsylvania school districts identified Leechburg as a small school district that could benefit from merging. That study suggested as an example that Leechburg could merge with the nearby Freeport Area School District, even though the areas are not geographically contiguous.[400] At the time, it was estimated that both districts could save $2 million by consolidating administration and increase the academic opportunities of the students at the same time. In 2011, a former Leechburg superintendent was skeptical of the scenario and stated merger

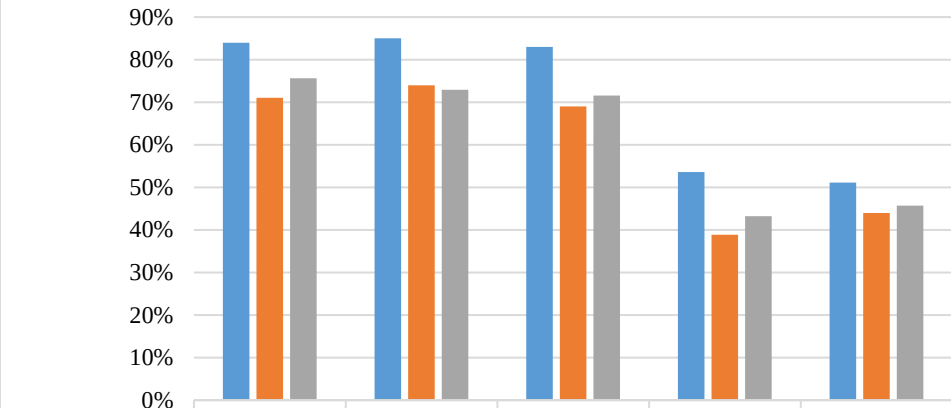
[392] Rittmeyer, Brian C. "Kiski Area celebrates golden anniversary." *TribLive.com*. Sept. 30, 2012 (accessed June 26, 2017)
[393] Rittmeyer, Brian C. "Kiski Area celebrates golden anniversary." *TribLive.com*. Sept. 30, 2012 (accessed June 26, 2017)
[394] 24 Pa. Stat. Ann. § 2-242.1.
[395] Ibid.
[396] Ibid.
[397] Ibid.
[398] Ibid.
[399] Rittmeyer, Brain C. "W. Leechburg mulls shifting school district to Kiski Area." *Triblive.com*. July 23, 2016 (accessed June 20, 2017).
[400] Standard and Poor's. *Study of the Cost-Effectiveness of Consolidating Pennsylvania School Districts, Part 2 Profiles of Paired Districts.* New York, NY. June, 2007. P. 167 (accessed June 20, 2017).

was unlikely unless the school district found another district which was a good fit and the two districts came to an arrangement that would benefit both parties.[401]

In state testing, Kiski students scored higher than Leechburg students in English, Math, and Science over the latest consecutive 5-year period. Generally, students at Kiski scored above the state average testing scores while Leechburg students scored close to or under the state average. While the district's tests scores in all categories declined starting in 2015, this is likely due to changes in the method of assessment, as it was mirrored by similar decreases state-wide.

The average School Performance Profile (SPP) scores for the Kiski Area's buildings have decreased from 86 in 2013 to 68.5 in 2016; this is 1.5 points below the state average. Leechburg's average SPP score has decreased by 11 points in the same period of time. Leechburg is now rated at the district average of 67.2, which is 3 points below the state average.

Percent of Students Proficient or Above in Math in Selected School Districts



	2012	2013	2014	2015	2016
Kiski	84%	85%	83%	54%	51%
Leechburg	71%	74%	69%	39%	44%
State Avg.	76%	73%	72%	43%	46%

Source: Information publicly available through PDE. Analysis by JSGC

[401] Aubele, Michael and Amy Crawford. "Alle-Kiski Valley School Districts skeptical of forced mergers." *TribLive.com* May 5, 2011. (accessed June 20, 2017).

In the past five years, 87 to 91 percent of Kiski's students have graduated in a 4-year period. However, in Leechburg the graduation rate is less stable and is prone to large variation, likely because the district is educating fewer students. Generally, Leechburg has met or exceeded the states goal of an 85 percent 4-year graduation rate within the last five years. 2012 stands out as a notable exception as only 48 of 70 students graduated, making the district's graduation rate drop to 68 percent. During the previous year, 2011, the district had an exceptionally high grade rate of 98 percent. In 2015 and 2016, Leechburg's graduation rate hovered around 92 percent.

Percent of Students Proficient or Above in Reading in Selected School Districts

	2012	2013	2014	2015	2016
Kiski	84%	83%	81%	59%	73%
Leechburg	69%	71%	69%	55%	59%
State Avg.	72%	70%	70%	62%	62%

Source: Information publicly available through PDE. Analysis by JSGC

IFO Scenario #2: Leechburg Area and Kiski Area School Districts

Leechburg Area School District (LASD) includes students from Gilpin Township and Leechburg Borough in Armstrong County and West Leechburg Borough in Westmoreland County. The district has two school buildings, including one elementary school and one junior/senior high school.

Kiski Area School District (KASD) includes eight municipalities in Westmoreland County (Allegheny Township, Avonmore Borough, Bell Township, East Vandergrift Borough, Hyde Park Borough, Oklahoma Borough, Vandergrift Borough and Washington Township) and Parks Township in Armstrong County. KASD has three primarily elementary schools (Grades K-4), one upper elementary school (grades 5 and 6), one intermediate school and one high school.

This scenario assumes that West Leechburg Borough splits from LASD and merges with KASD. For FY 2014-15, LASD had an ADM of 816 students and KASD had an ADM of 3,925 students. Using data from the U.S. Census Bureau's ACS to inform the split of West Leechburg Borough from LASD and subsequent merger with KASD results in ADM totals of 671 students for the new Leechburg Area SD (minus West Leechburg) and 4,070 students for the new Kiski Area SD (with West Leechburg). It should be noted that this memo does not consider whether KASD has sufficient capacity to accommodate 145 new students who attend one of two schools within the current LASD.

Tax Revenues

Revenue Snapshot for
Leechburg Area and Kiski Area School Districts

	Leechburg Area	Kiski Area
Local Revenue from FY 2015-16 AFR Data ($ millions)	$6.4	$25.3
Average Daily Membership (ADM) FY 2014-15	816	3,925
Local Revenue per ADM	$7,809	$6,434
Property Tax Revenue ($ millions)[1]	$5.4	$20.1
Property Tax Revenue per ADM	$6,587	$5,132
2015 STEB Assessment Value ($ millions)	$75.8	$274.5
FY 2015-16 Millage Rate[2]	see note	see note
Earned Income Tax (EIT) Revenue ($ millions)[3]	$0.5	$2.9
EIT Revenue per ADM	$643	$733
Taxable Earned Income ($ millions)[4]	$104.9	$575.1
EIT Rate	0.5%	0.5%

[1] Includes FY 2015-16 current & interim collections plus Act 1 reduction allocations.
[2] LASD levies two millage rates: 72.27 in Armstrong County and 119.23 in Westmoreland County. KASD levies two millage rates: 41.12 in Armstrong County and 85.62 in Westmoreland County.
[3] Includes Act 1 and Act 511 earned income tax revenues in FY 2015-16.
[4] Estimated total taxable earned income calculated by the IFO.

Sources: PDE, STEB and DCED.

Scenario 2 Implications

	Leechburg Area (minus West Leechburg)	Kiski Area (plus West Leechburg)
ADM	671	4,070
Property Tax Revenue ($ millions)	$4.6	$21.0
Property Tax Revenue per ADM	$6,889	$5,162
Assessment Value ($ millions)	$65.2	$285.1
Millage Rate[1]	72.2700	see note
EIT Revenue ($ millions)	$0.4	$3.0
EIT Revenue per ADM	$602	$736
Taxable Earned Income ($ millions)	$80.7	$599.2
EIT Rate	0.5%	0.5%

[1] The new KASD will levy two millage rates: 41.12 in Armstrong County and 85.62 in Westmoreland County.

Source: Calculations by the IFO.

Summary

Based on 2015 STEB data for the current LASD, roughly 14 percent of assessed property value is attributable to West Leechburg Borough. The remaining 86 percent of property value remains in LASD. This 86/14 split is used to separate the total assessed property value and property tax revenues. It is assumed that the remaining LASD retains the millage rate of 72.2700 that is levied in Armstrong County in the district, while West Leechburg Borough assumes the KASD millage rate levied in Westmoreland County of 85.6200. Property owners in West Leechburg Borough would receive a millage rate reduction of 28.2 percent.

Based on 2015 ACS income data, 23 percent of earned income in the current LASD is attributable to West Leechburg Borough, and 77 percent is attributable to the remaining district. It is assumed that KASD's EIT rate of 0.5 percent will apply to West Leechburg Borough and LASD retains the current EIT rate of 0.5 percent.

Based on these assumptions, the analysis derives the following results:

- The new Leechburg Area SD generates $4.6 million in property tax revenues ($6,889 per ADM) and $0.4 million in EIT revenues ($602 per ADM).

- The new Kiski Area SD generates $21.0 million in property tax revenues ($5,162 per ADM) and $3.0 million in EIT revenues ($736 per ADM).

In terms of combined revenue per student from property taxes and EIT after reorganization, the new Leechburg Area SD receives an increase of $261 per ADM and the new Kiski Area SD receives an increase of $33 per ADM compared to current levels.

Debt and Debt Service

The table below provides a summary of debt and debt service for LASD and KASD before the proposed reorganization.

Scenario 2 Debt Summary

	Leechburg Area	Kiski Area
Total Expenditures ($ millions)	$12.6	$54.7
Debt Service ($ millions)	$0.6	$4.9
Debt Service as Share of Expenditures	4.6%	9.0%
Debt Service per ADM	$705	$1,250
Debt Outstanding at end of FY ($ millions)	$22.2	$136.2
Debt Outstanding per ADM	$27,197	$34,689

Note: All data are for FY 2015-16.
Source: FY 2015-16 Annual Financial Report, PDE. Calculations by the IFO.

The following table displays the implications of Scenario 2 on school district debt and debt service based on the metric used to apportion debt in the current LASD.

Scenario 2 Debt Implications

School District	Earned Income		Assessed Value		ADM	
	LASD	KASD	LASD	KASD	LASD	KASD
Debt Service ($ millions)	$0.4	$5.0	$0.5	$5.0	$0.5	$5.0
Debt Service per ADM	$660	$1,238	$738	$1,225	$703	$1,231
Debt Outstanding ($ millions)	$17.1	$141.3	$19.1	$139.3	$18.2	$140.1
Debt Outstanding per ADM	$25,467	$34,707	$28,444	$34,217	$27,121	$34,435

Source: Calculations by the IFO.

State Funding

The table on the next page displays the most recent data for each item within the new BEF formula for the current LASD and KASD. A second table displays some of the more important items within the BEF formula for current and restructured districts. The tabulations for "New Districts" were calculated by the IFO using ACS 2015 five-year data for various municipalities within the LASD. The table details the following:

- The proposed Leechburg Area SD would likely receive a similar amount of state funding per ADM as the current LASD receives. The funding would fall slightly due to the decline in the share of children living below the FPL (-0.4 percentage points) and the share of children living in low-income households (-0.7 percentage points). However, this small decline would be nearly offset by a decline in median household income (-$1,874), which would potentially increase their per ADM funding.

- The proposed Kiski Area SD would also likely see little movement in their per ADM funding compared to the current KASD. The percentage of children living below the FPL (+0.2 percentage points) or in low-income households (+0.3 percentage points) changes very little with the merger of West Leechburg to Kiski Area SD. The median household income for the new Kiski Area SD would only decline $224 compared to the current KASD.

Overview of
Leechburg Area and Kiski Area School Districts' BEF

	Leechburg Area	Kiski Area
Total 2016-17 Estimated BEF ($ thousands)	$4,277	$15,766
BEF Base Allocation ($ thousands)	$4,068	$15,231
2016-17 Estimated New BEF Formula ($ thousands)	$209	$535
2014-15 Adjusted ADM	816	3,925
2013-14 Adjusted ADM	814	3,967
2012-13 Adjusted ADM	818	3,997
2016-17 BEF Three-Year Average ADM	816	3,963
2015 Share Living Below the FPL (<100% FPL)	27.1%	10.0%
2015 Share Living in Low-Income (100 -184% FPL)	21.7%	15.9%
2015-16 Number of Limited English-Proficient Students	3	8
2014-15 Charter School ADM	12	112
2010 Total Square Miles	19	105
2014-15 ADM per Square Mile	43.8	37.4
2014-15 Sparsity Ratio	0.420	0.505
2014-15 Size Ratio	0.881	0.426
2014-15 Sparsity/Size Ratio	0.6979	0.4555
2014-15 Sparsity/Size Adjustment	0.000	0.000

Overview of
Leechburg Area and Kiski Area School Districts' BEF

	Leechburg Area	Kiski Area
Total Student-Weighted ADM	1,006	4,412
2015 Median Household Income	$44,432	$50,121
2015 Median Household Income Index	1.2063	1.0694
2015-16 Local Tax-Related Revenue ($ millions)	$6.6	$25.2
2015 Number of Households	2,638	12,113
2015 Local Effort Factor	1.09	0.81
2015 STEB Market Value ($ millions)	$217	$1,261
2014 Adjusted Personal Income ($ millions)	$112	$637
2014-15 Current Expenditures ($ millions)	$12.0	$49.6
2014-15 Current Expenditures per Student-Weighted ADM	$11,966	$11,232
2014-15 Excess Spending Factor	0.9825	1.0377
2014-15 Local Effort Index	1.07	0.81
2014-15 Local Capacity per Weighted Student	4,372	5,812
2014-15 Local Capacity Index	0.34	0.12
Local Effort Capacity Index (LECI)	1.41	0.93
Student-Weighted ADM * Median HH Index * LECI	1,711	4,388

Source: PDE, FY 2016-17 Estimated Basic Education Funding.

Comparison of
Current Districts to Proposed Districts

	14-15 ADM	% of Age 6-17 Living Below FPL	% of Age 6-17 Living in Low-Income	Number of Households	Median Household Income
Current Districts					
Leechburg Area SD	816	27.1%	21.7%	2,638	$44,432
Kiski Area SD	3,925	10.0%	15.9%	12,113	$50,121
New Districts					
Leechburg less W. Leechburg	671	26.7%	21.0%	1,895	$42,558
Kiski plus West Leechburg	4,070	10.2%	16.2%	12,856	$49,897

Source: Current district data are from PDE. New district data are based on various ACS 2015 5-year data for municipalities within the districts. Calculations by the IFO.

Salary Comparison/Standardization

Both KASD and LASD have roughly the same number of steps in their salary schedules (17 steps for KASD, 16 steps for LASD). However, there are differences as well. (See tables on next two pages.) They are as follows:

- KASD only has one category for teachers with a bachelor's degree; LASD has two categories (bachelor's degree and bachelor's degree plus 24 credits).

- KASD only has one salary schedule for those with a master's degree while LASD has three categories (master's degree, master's degree plus 12 credits and master's degree plus 24 credits).

- KASD has an additional category for teachers with a doctoral degree while LASD does not provide additional compensation for those with a doctoral degree. However, KASD only has one employee on the union salary schedule who currently holds a doctoral degree.

- The annual salary for KASD teachers with a bachelor's degree ranges from $52,771 to $80,991, and 36 percent of those teachers receive an annual salary of $80,991.[402] For LASD teachers with a bachelor's degree, the annual salary ranges from $48,399 to $78,010, and 57 percent of those teachers receive an annual salary between $66,518 and $78,010.[403]

- In KASD, the majority of teachers (172 of 250, or 69 percent) have a master's degree. Their annual salaries range from $55,280 to $73,291, and 33 percent of all teachers with a master's degree receive the top annual salary of $82,771. In LASD, the majority of teachers (41 out of 62, or 66 percent) also have a master's degree. Their annual salaries range from $52,064 to $79,912, and 46 percent earn between $72,942 and $79,912.[404]

Despite these differences, if West Leechburg Borough merges with Kiski Area SD, it is likely that Kiski's salary schedule would be used for all teachers since the total number of teachers that may migrate over from LASD to KASD would be small (likely less than 10 employees). It is not known which teachers might migrate from LASD to KASD, but for those that do, it is likely that they could realize a small increase in salary to match the salary levels of KASD employees.

[402] There are currently no teachers with a bachelor's degree on step 1.
[403] There are currently no teachers with a bachelor's degree on step 1.
[404] There are currently no teachers with a master's degree on the first two steps.

Kiski Area School District Salary Matrix
(FY 2016-17)

Step	Bachelor's	Master's	Doctoral
1	$50,500	$52,280	$54,280
2	52,771	54,551	56,551
3	53,971	55,751	57,751
4	55,171	56,951	58,951
5	56,371	58,151	60,151
6	57,571	59,351	61,351
7	58,771	60,551	62,551
8	59,971	61,751	63,751
9	61,171	62,951	64,951
10	62,371	64,151	66,151
11	63,571	65,351	67,351
12	64,771	66,551	68,551
13	65,971	67,751	69,751
14	67,171	68,951	70,951
15	68,371	70,151	72,151
16	71,511	73,291	75,291
17	80,991	82,771	84,771

Source: Salary matrix provided by Kiski Area School District.

Leechburg Area School District Salary Matrix
(FY 2016-17)

Step	Bachelor's	Bachelor's+24	Master's	Master's+12	Master's+24
1	$46,257	$46,807	$47,978	$48,478	$48,978
2	48,399	48,981	50,021	50,521	51,021
3	50,541	51,154	52,064	52,564	63,064
4	52,683	53,327	54,108	54,608	55,108
5	54,861	55,536	56,309	56,809	57,309
6	55,466	56,253	57,023	57,523	58,023
7	56,774	56,774	57,544	58,044	58,544
8	58,127	58,127	58,936	59,439	59,936
9	59,484	59,484	60,594	61,094	61,594
10	60,840	60,840	61,716	62,216	62,716
11	62,449	62,449	63,368	63,868	64,368
12	63,807	63,807	64,758	65,258	65,758
13	63,807	65,162	66,148	66,648	67,148
14	63,807	66,518	67,539	68,039	68,539
15	63,807	67,874	68,929	69,429	69,929
16	64,307	78,010	78,912	79,412	79,912

Source: Salary matrix provided by Leechburg Area School District.

Administrative Costs

Administrative Cost Comparison:
Leechburg Area and Kiski Area School Districts

		Admin/ Coordinators per 1,000 ADM			Administrative Spending per ADM		
School District	**Decile**	**Value**	**State Avg.**	**Diff.**	**Value**	**State Avg.**	**Diff.**
Leechburg Area SD	1	8.5	15.0	-6.5	$633	$1,013	-$379
Kiski Area SD	8	11.1	11.9	-0.9	$526	$568	-$42

Note: State averages represent the weighted average for districts in the same decile.
Source: PDE. Calculations by the IFO.

For FY 2014-15, LASD ranked in the 1st decile in terms of student population, and KASD ranked 8th due to its larger size. Compared to statewide averages for their respective deciles, LASD had a lower number of administrators and coordinators per 1,000 ADM (-6.5) and lower administrative spending per ADM (-$379). KASD had a lower number of administrators and coordinators per 1,000 ADM (-0.9) and lower administrative spending per ADM (-$42). A comparison of the new districts under Scenario 2 reveals the following:

- It is likely that the district level staff (e.g., superintendent, business manager, etc.) and associated salaries and expenses would remain unchanged. The existing LASD administrative staff would remain with Leechburg, and the KASD staff would remain with the new Kiski district.

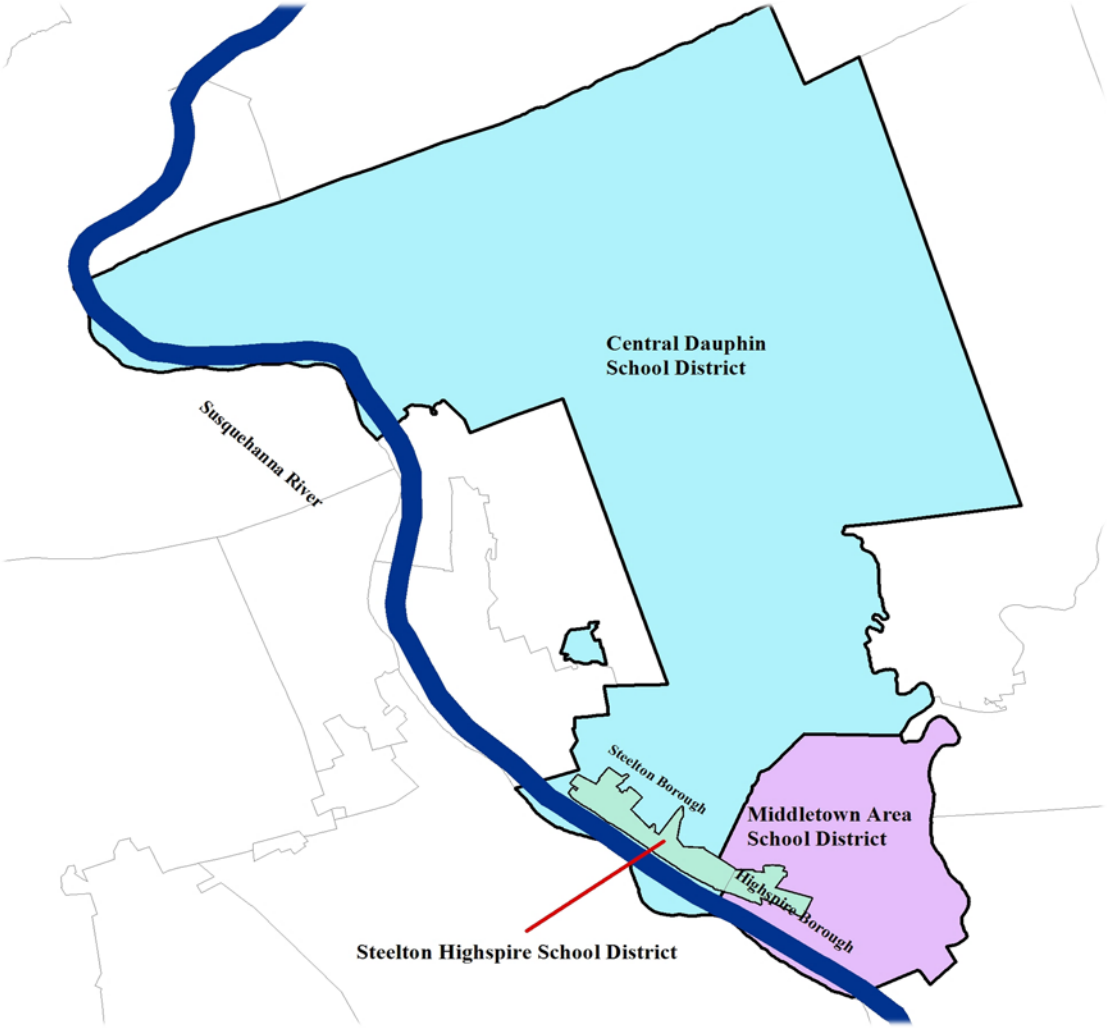
- The new Leechburg Area SD would remain in the 1st decile. Districts in that decile have average administrative costs of $1,013 per ADM and 15.0 administrators and coordinators per 1,000 ADM.

- The new Kiski Area SD would remain in the 8th decile. Districts in that decile have average administrative costs of $568 per ADM and 11.9 administrators and coordinators per 1,000 ADM.

CASE STUDY #3

Steelton-Highspire

The Steelton-Highspire School District is a small district tucked away in Dauphin County between larger districts and the Susquehanna River and railroad lines. The district has a 2016-17 Aid Ratio of .7969, which is the 16th highest in the Commonwealth. Its 2014-15 Expenditures per ADM are $12,865, which ranks at 467, making it one of the lowest spending districts within Pennsylvania. The district covers approximately 2 square miles only, but at 3,183 population per square mile in 2012, its high population density makes it the 44th highest in the Commonwealth.[405]



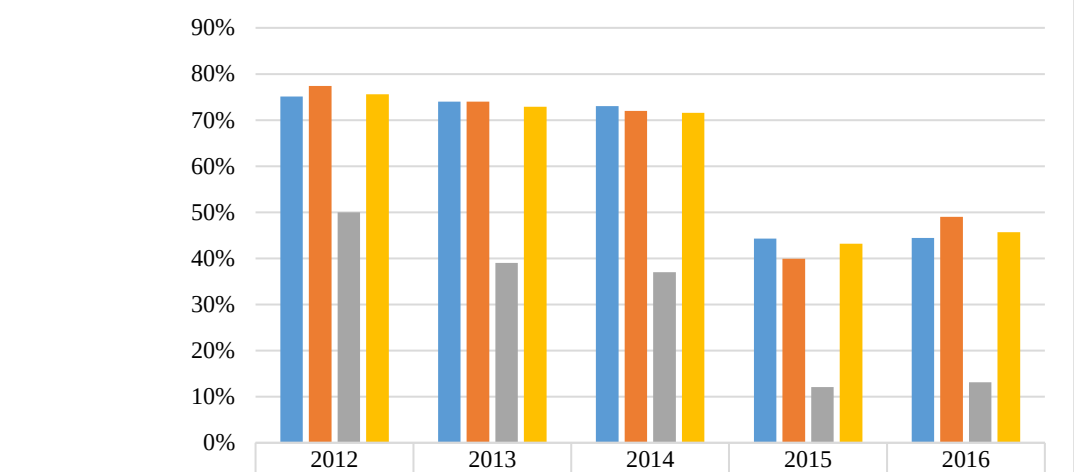
[405] *Financial Data Elements*, Pennsylvania Department of Education, available at http://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/FinancialDataElements/Pages/default.aspx#tab-1 (accessed June 12, 2017).

According to PDE's website, for the 2015-16 school year, the Steelton-Highspire School District population is 53.8 percent black or African American, 22.8 percent Hispanic, 5.9 percent multi-racial, and 17.5 percent white.[406]

Much of the district's formation, historically and currently, is wrapped up in the steel industry. In the late 1800s, the Pennsylvania Steel Company placed its first building in Steelton. The steel production in the processing plant grew and in 1917 was sold to Bethlehem Steel. According to the Steelton Borough website, at the height the steel industry, Steelton was home to 33 different ethnic groups.[407] The decline of the U.S. steel industry in the late 1900s hit the area hard, impacting jobs, the population, tax revenue, and the schools. The demise of the U.S. steel industry was directly reflected in the Steelton economy and population decrease.

Academic performance in this impoverished district has been extremely low. The following three charts display Steelton-Highspire's performance on PSSA testing compared to two neighboring districts, the Central Dauphin School District and the Middletown Area School District.

Percent of Students Proficient or Above in Math:
Selected Districts



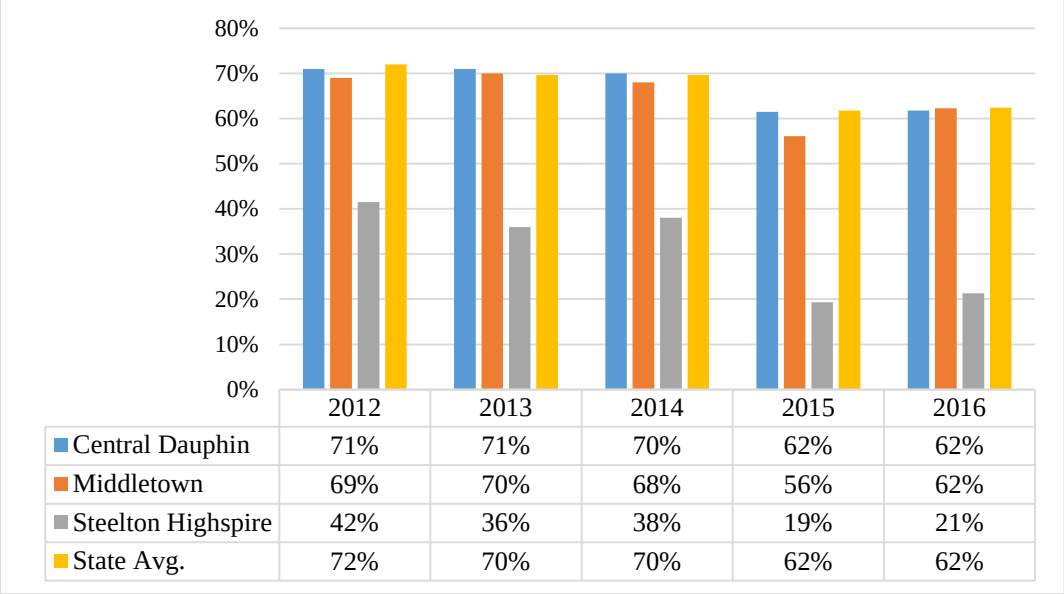
	2012	2013	2014	2015	2016
Central Dauphin	75%	74%	73%	44%	44%
Middletown	77%	74%	72%	40%	49%
Steelton Highspire	50%	39%	37%	12%	13%
State Avg.	76%	73%	72%	43%	46%

Source: Pennsylvania Department of Education (PDE).
Analysis by the Joint State Government Commission (JSGC).

[406] *Enrollment Reports and Projections*, Pennsylvania Department of Education, available at http://www.education.pa.gov/Data-and-Statistics/Pages/Enrollment%20Reports%20and%20Projections.aspx#tab-1 (accessed June 14, 2017).
[407] *About Steelton.* Steelton Borough Website at http://www.steeltonpa.com/about-steelton/ (accessed June 13, 2017).

In each of the five years shown on the chart above, the Central Dauphin School District's performance on the Math PSSAs fell within one percent of the statewide average. Similarly, the Middletown Area School District fell within three percent of the statewide average for Math. The number of students at Steelton-Highspire School District scoring proficient or advanced in state testing in Math was between 26 percent to 35 percent lower than the statewide average.

Percent of Students Proficient or Above in English:
Selected Districts

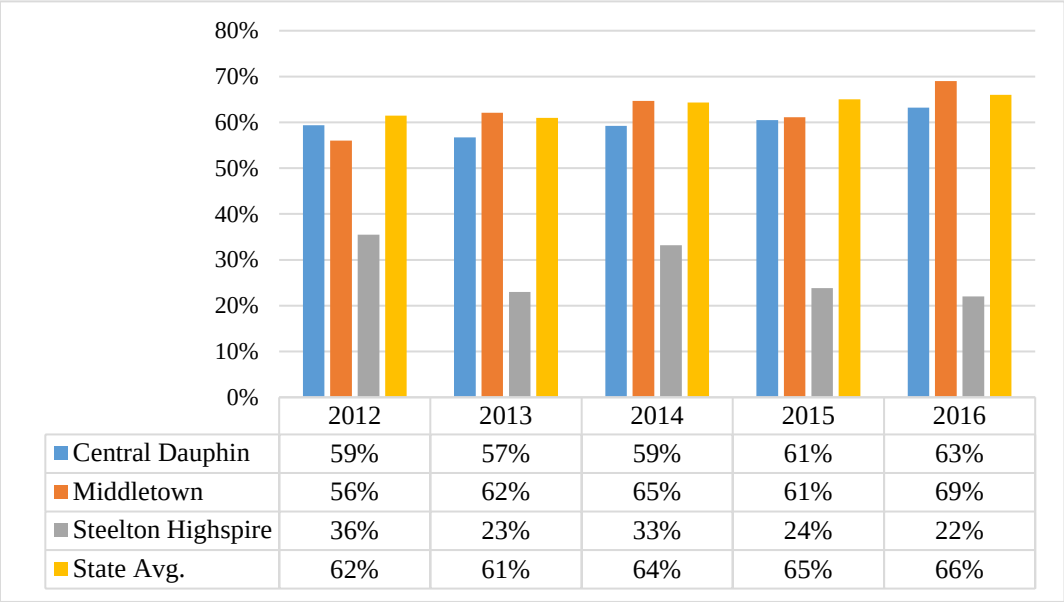


	2012	2013	2014	2015	2016
Central Dauphin	71%	71%	70%	62%	62%
Middletown	69%	70%	68%	56%	62%
Steelton Highspire	42%	36%	38%	19%	21%
State Avg.	72%	70%	70%	62%	62%

Source: Pennsylvania Department of Education (PDE). Analysis by the Joint State Government Commission (JSGC).

Between 2012 and 2016, the Central Dauphin and Middletown School Districts' test scores closely mirrored the statewide average in English. At Steelton-Highspire School District, slightly more than 40 percent of the students performed at proficient or above in English in 2012 (compared to a statewide average of 72 percent) and in 2016 only 21 percent of the students performed at proficient or above proficient (compared to a statewide average of 62 percent at proficient or above proficient).

Percent of Students Proficient or Above in Science:
Selected Districts



	2012	2013	2014	2015	2016
Central Dauphin	59%	57%	59%	61%	63%
Middletown	56%	62%	65%	61%	69%
Steelton Highspire	36%	23%	33%	24%	22%
State Avg.	62%	61%	64%	65%	66%

Source: Pennsylvania Department of Education (PDE). Analysis by the Joint State Government Commission (JSGC).

The science portion of the PSSAs shows results similar to the districts' performance in English and Math. While the number of students in the Central Dauphin and Middletown School Districts that perform at proficient or above on the test mirrors the statewide average fairly closely, the number of students in Steelton-Highspire who are at the proficient or above level is sharply below the statewide average.

PDE has been keeping a close eye on both the economic and academic troubles within the Steelton-Highspire School District for many years. Steelton-Highspire School District was identified as a Pennsylvania Empowerment district in May 2000. In accordance with the guidelines established by the School District Financial Recovery Act (Article VI-A) of the Public School Code of 1949,[408] the Steelton-Highspire School District has been in Financial Watch status since March of 2013.

In February of 2014, Pennsylvania Auditor General Eugene DePasquale released a performance audit of the Steelton-Highspire School District (SHSD) covering the period between May 15, 2009 and July 5, 2013. The audit's findings focused on possible certification deficiencies, pupil membership accounting errors, school bus driver qualification deficiencies, and a general observation that the district is facing a serious general fund deficit.[409]

[408] 24 Pa. Stat. Ann. § 6-611-A.
[409] DePasquale, Eugene A., Pennsylvania Department of the Auditor General. *Steelton-Highspire School District Dauphin County, Pennsylvania, Performance Audit Report*, February 2014, 2.

Residents of the district itself are currently taking action in court to try to separate one section of the school district from the other. Section 242.1 of the Public School Code of 1949 lays out the process by which a portion of a district may seek to secede from the district it is currently in and shift to another district. This process has already been described in case study #2. It is referred to as "establishment of Independent Districts for transfer of territory to another school district" and is the process through which residents of Highspire are currently seeking to leave the Steelton-Highspire school district and enroll their students as part of the Middletown School District.[410]

The School Code requires that a majority of the taxable inhabitants sign a petition which describes the boundaries of the proposed territory change, the reasons for requesting the transfer, and the name of the district they propose to move into. The justifications provided must address the educational merit. The statute also requires that the court determine the amount of indebtedness and obligations the independent district will assume as well as issue a statement prorating the state subsidies payable between the losing district and the receiving district.

In March 2014 the Highspire Education Coalition (HEC) began circulating a petition to the state asking that they consider their request that students from Highspire be allowed to move to the Middletown SD.

In August 2014, 55.44 percent of the taxable residents of Highspire (more than the statutorily required majority) submitted a petition to the Dauphin County Court of Common Pleas seeking to establish an independent school district solely for the purpose of transferring their students from the Steelton-Highspire School District to the Middletown School District.[411] To justify its petition, the coalition argued that such a transfer would be in the best educational interest of the students of Highspire because the Steelton-Highspire School District failed to achieve annual yearly progress and continually underperformed on PSSAs and SATs while the Middletown School District regularly achieved annual yearly progress and consistently performed above proficient on PSSAs and SATs. The petitioners also mentioned the extra-curricular programs available in Middletown, the reduced teacher staffing and education programs in Steelton-Highspire and several of the noncompliance items in the Auditor General's February 2014 Performance Audit report.

The Dauphin County Court of Common Pleas determined that the petition complied with School Code requirements and asked the PDE whether the proposed transfer had merit from an educational standpoint. In October 2014, Acting Secretary of Education Carolyn Dumaresq sent questionnaires to the Steelton-Highspire School District and the Middletown Area School District requesting their response to the petition. In her letter, she also outlined the process moving forward.

[410] 24 Pa. Stat. Ann. § 2-242.1.

[411] In Re: Petition for Formation of Independent School District consisting of the Borough of Highspire, Dauphin County, Pennsylvania, No. 2014-CV-7500MP (Dauphin County Court of Common Pleas Aug. 15, 2014).

Both school districts submitted Educational Impact Projection Questionnaires in February of 2015 and both school districts opposed the proposed transfer of Highspire students on the basis of negative impact to educational quality. In the case of the Middletown School District, their questionnaire focused primarily on the problems of distributing students amongst the elementary schools as well as the capacity of the recently built high school and the impact on the staff, for example, ESL teachers and teachers who would have to address the special needs of the transferring Highspire students. The Steelton-Highspire questionnaire emphasized that the district is currently improving on Pennsylvania Value Added Assessment (PVASS) data and School Performance Profile (SPP) scores and stated that the financial ramifications of this transfer would negatively impact the educational quality of the non-transferring/remaining Steelton students.

In March of 2015, the Highspire Education Coalition replied to Steelton-Highspire and Middletown's questionnaires. In this response, they restated their belief in the educational merit of the transfer of students between the two districts. Then they addressed both districts' questionnaires on a point-by-point basis.

PDE is currently continuing to review the educational merit of this case. As this is the largest portion of a district to ever request establishment as an independent district for the purposes of transferring to another district, the department is refining its scope of review. Dependent on the department's findings, the case may or may not move on to the State Board of Education.[412]

Timeline

- February 2014 - Auditor General releases performance audit report for SHSD
- August 2014 - HEC submits petition to Court
- October 2014 - DCCCP asks PDE for educational merit determination
- February 2015 - SHSD & Middletown SD submit Educational Impact Projection Questionnaires
- March 2015 - HEC submits response to questionnaires
- Ongoing - PDE determination of educational merit

[412] Information provided to the Joint State Government Commission by Ms. Angela Fitterer, Government Relations, Pennsylvania Department of Education, in a telephone conversation on July 21, 2017.

IFO Scenario #3: Steelton-Highspire, Middletown Area and Central Dauphin School Districts

Steelton-Highspire School District (SHSD) includes students from Highspire Borough and Steelton Borough in Dauphin County. The district has two school buildings, including one elementary school and one junior/senior high school.

Middletown Area School District (MASD) includes students from Lower Swatara Township, Middletown Borough and Royalton Borough in Dauphin County. The district has three elementary schools, one middle school and one high school.

Central Dauphin School District (CDSD) includes students from Dauphin Borough, Lower Paxton Township, Middle Paxton Township, Paxtang Borough, Penbrook Borough, Swatara Township and West Hanover Township in Dauphin County. It has 13 elementary schools, four middle schools and two high schools.

This scenario splits SHSD into Highspire Borough and Steelton Borough, and then merges Highspire with MASD and Steelton with CDSD. For FY 2014-15, CDSD had an ADM of 11,532 students, MASD had an ADM of 2,443 students and SHSD had an ADM of 1,422 students. Using data from the ACS to inform the division of SHSD and merger of Highspire with Middletown Area SD and Steelton with Central Dauphin SD reveals student totals of 12,709 ADM for the new Central Dauphin SD and 2,688 ADM for the new Middletown Area SD.

It should be noted that this memo does not consider whether MASD and CDSD school buildings have sufficient capacity to accommodate roughly 1,422 students currently attending SHSD.

Tax Revenues

Revenue Snapshot for
Steelton-Highspire, Middletown Area and Central Dauphin SDs

	Steelton-Highspire	Middletown Area	Central Dauphin
Local Revenue from FY 2015-16 AFR data ($ millions)	$7.6	$27.6	$128.4
Average Daily Membership (ADM) FY 2014-15	1,422	2,443	11,532
Local Revenue per ADM	$5,327	$11,289	$11,138
Property Tax Revenue ($ millions)[1]	$4.8	$20.7	$82.0
Property Tax Revenue per ADM	$3,385	$8,474	$7,112
2015 STEB Assessment Value ($ millions)	$219.4	$836.4	$5,764.0
Millage Rate[2]	25.4770	22.1500	14.8622
Earned Income Tax (EIT) Revenue ($ millions)[3]	$0.7	$4.8	$36.9
EIT Revenue per ADM	$469	$1,946	$3,201
Taxable Earned Income ($ millions)[4]	$133.3	$380.2	$2,460.8
EIT Rate	0.50%	1.25%	1.50%

[1] Includes FY 2015-16 current & interim collections plus Act 1 reduction allocations.
[2] FY 2015-16 millage rates according to PDE.
[3] Includes FY 2015-16 Act 1 and Act 511 earned income tax revenues.
[4] Estimated total taxable earned income calculated by the IFO.
Sources: PDE, STEB and DCED.

Scenario 3 Implications

	Middletown Area (plus Highspire)	Central Dauphin (plus Steelton)
ADM	2,688	12,709
Property Tax Revenue ($ millions)	$22.3	$84.1
Property Tax Revenue per ADM	$8,287	$6,614
Assessment Value ($ millions)	$911.1	$5,908.6
Millage Rate	22.1500	14.8622
EIT Revenue ($ millions)	$5.3	$38.2
EIT Revenue per ADM	$1,957	$3,006
Taxable Earned Income ($ millions)	$422.9	$2,551.5
EIT Rate	1.25%	1.50%

Source: Calculations by the IFO.

Summary

Based on 2015 STEB data, 66 percent of the assessed property value in SHSD is attributable to Steelton Borough, and the remaining 34 percent is attributable to Highspire Borough. This 66/34 split is used to apportion assessed property value between the districts. The analysis assumes that Steelton adopts the CDSD millage rate of 14.8622 and Highspire adopts the MASD millage rate of 22.1500. This outcome implies that Steelton property owners receive a millage rate reduction of 41.7 percent and Highspire property owners receive a millage rate reduction of 13.1 percent.

Based on 2015 ACS income data, 68 percent of SHSD earned income is attributable to Steelton Borough, and Highspire Borough comprises the remaining 32 percent. This split is used to determine the taxable income that moves to the proposed districts. It is assumed that Steelton Borough adopts the CDSD EIT rate of 1.50 percent and Highspire Borough adopts the MASD EIT rate of 1.25 percent.

Based on these assumptions, the analysis derives the following results:

- The new Middletown Area SD generates $22.3 million in property tax revenues ($8,287 per ADM) and $5.3 million in EIT revenues ($1,957 per ADM).
- The new Central Dauphin SD generates $84.1 million in property tax revenues ($6,614 per ADM) and $38.2 million in EIT revenues ($3,006 per ADM).

In terms of combined property tax and EIT revenues, the new Middletown Area SD receives a decrease of $176 per ADM and the new Central Dauphin Area SD receives a decrease of $693 per ADM.

Debt and Debt Service

The following table provides an overview of debt and debt service for the school districts before reorganization.

Scenario 3 Debt Summary

	Steelton-Highspire	Middletown Area	Central Dauphin
Total Expenditures ($ millions)	$20.4	$42.2	$260.9
Debt Service ($ millions)	$2.5	$5.2	$16.6
Debt Service as Share of Expenditures	12.3%	12.3%	6.3%
Debt Service per ADM	$1,761	$2,132	$1,436
Debt Outstanding at end of FY ($ millions)	$52.6	$118.3	$385.8
Debt Outstanding per ADM	$36,993	$48,437	$33,455

Note: All data are for FY 2015-16.
Source: FY 2015-16 Annual Financial Report, PDE. Calculations by the IFO.

The following table displays the implications of Scenario 3 on school district debt and debt service based on three metrics to apportion debt in the current SHSD.

Scenario 3 Debt Implications

	Earned Income		Assessed Value		ADM	
School District	**MASD**	**CDSD**	**MASD**	**CDSD**	**MASD**	**CDSD**
Debt Service ($ millions)	$6.0	$18.3	$6.1	$18.2	$5.6	$18.6
Debt Service per ADM	$2,236	$1,437	$2,254	$1,433	$2,096	$1,467
Debt Outstanding ($ millions)	$135.2	$421.6	$136.2	$420.5	$127.3	$429.5
Debt Outstanding per ADM	$50,284	$33,171	$50,676	$33,089	$47,349	$33,792

Source: Calculations by the IFO.

State Funding

The first table on the next page details the most recent data for each item within the new BEF for the current SHSD, MASD and CDSD. A second table displays some of the more important items within the BEF formula for current and restructured districts. The tabulations for "New Districts" were calculated by the IFO using ACS 2015 five-year data for the two municipalities within the SHSD. As shown in the second table:

- SHSD currently has a large share of students living below the FPL (33.0 percent). At that current rate, SHSD receives an extra increase in adjusted ADM of 0.3 ADMs per student living below the FPL because more than 30 percent of the student-age population lives below the FPL. If Steelton Borough merges with CDSD and Highspire Borough merges with MASD, then neither of the two new districts would qualify to receive the extra adjustment that SHSD has received in the past. This will likely result in a decline in the share of new state BEF driven out to the proposed Central Dauphin and Middletown Area SDs.

- Due to the much larger size of CDSD and MASD, the overall poverty level would not increase significantly due to the addition of the two municipalities that comprise SHSD. The new Central Dauphin SD's share of 6-17 year olds living below the FPL would increase 2.6 percentage points. The new Middletown Area SD's share would increase 0.7 percentage points.

- In terms of median household income, the proposed Central Dauphin SD's income would decline 1.6 percent (-$983). The proposed Middletown Area SD's median household income would decline 2.4 percent (-$1,192). This outcome would slightly increase the proposed Central Dauphin SD and Middletown Area SD's share of new BEF formula dollars, but the exact dollar amount is unclear.

Overview of
Steelton-Highspire, Middletown Area and Central Dauphin School Districts' BEF

	Steelton-Highspire	Middletown Area	Central Dauphin
Total 2016-17 Estimated BEF ($ thousands)	$8,078	$7,910	$17,348
BEF Base Allocation ($ thousands)	$7,631	$7,425	$16,004
2016-17 Estimated New BEF Formula ($ thousands)	$447	$485	$1,344
2014-15 Adjusted ADM	1,422	2,443	11,532
2013-14 Adjusted ADM	1,413	2,475	11,348
2012-13 Adjusted ADM	1,449	2,318	11,325
2016-17 BEF Three-Year Average ADM	1,428	2,412	11,402
2015 Share Living Below the FPL (<100% FPL)	33.0%	17.1%	11.2%
2015 Share Living in Low-Income (100 -184% FPL)	12.6%	13.4%	13.6%
2015-16 Number of Limited English-Proficient Students	35	55	499
2014-15 Charter School ADM	102	61	481
2010 Total Square Miles	3	17	127
2014-15 ADM per Square Mile	539.3	141.8	90.6
2014-15 Sparsity Ratio	-6.141	-0.878	-0.199
2014-15 Size Ratio	0.792	0.643	-0.685
2014-15 Sparsity/Size Ratio	-1.9779	0.0521	-0.4658
2014-15 Sparsity/Size Adjustment	0.000	0.000	0.000
Total Student-Weighted ADM	1,945	2,806	13,042
2015 Median Household Income	$43,567	$50,663	$63,457
2015 Median Household Income Index	1.2303	1.058	0.8447
2015-16 Local Tax-Related Revenue ($ millions)	$6.5	$27.6	$127.8
2015 Number of Households	3,128	7,622	37,382
2015 Local Effort Factor	0.93	1.39	1.05
2015 STEB Market Value ($ millions)	$258	$960	$6,933
2014 Adjusted Personal Income ($ millions)	$124	$380	$2,522
2014-15 Current Expenditures ($ millions)	$13.1	$35.7	$162.0
2014-15 Current Expenditures per Student-Weighted ADM	$6,717	$12,726	$12,420
2014-15 Excess Spending Factor	1.7445	0.9342	0.9559
2014-15 Local Effort Index	0.93	1.3	1
2014-15 Local Capacity per Weighted Student	2,641	6,332	9,618
2014-15 Local Capacity Index	0.60	0.04	0.00
Local Effort Capacity Index (LECI)	1.53	1.34	1.00
Student-Weighted ADM * Median HH Index * LECI	3,661	3,977	11,016

Source: PDE, FY 2016-17 Estimated Basic Education Funding.

Comparison of Current Districts to Proposed Districts

	14-15 ADM	% of Age 6-17 Living Below FPL	% of Age 6-17 Living in Low-Income	Number of Households	Median Household Income
Current Districts					
Steelton-Highspire	1,422	33.0%	12.6%	3,128	$43,567
Middletown Area	2,443	17.1%	13.4%	7,622	$50,663
Central Dauphin	11,532	11.2%	13.6%	37,382	$63,457
New Districts					
Middletown Area + Highspire	2,688	17.8%	13.1%	8,682	$49,471
Central Dauphin + Steelton	12,709	13.8%	13.6%	39,450	$62,474

Source: Current district data are from PDE. New district data are based on various ACS 2015 5-year data for municipalities within the districts. Calculations by the IFO.

Salary Comparison/Standardization

SHSD, MASD and CDSD all have roughly the same number of steps in their salary schedules (14 steps for SHSD, 16 steps for MASD and 15 steps for CDSD). All three have salary schedules for teachers with a bachelor's, master's and master's plus various amounts of credits. However, there are significant differences as well. (See tables on next two pages.) They are as follows:

SHSD has two salary schedules for bachelor's degrees (bachelor's degree and bachelor's degree plus 15 credits) while MASD and CDSD only have one category for teachers with a bachelor's degree.

- SHSD has four salary schedules for teachers with a master's degree (master's, master's plus 15 credits, master's plus 24 credits and master's plus 36 credits) while MASD and CDSD have five salary schedules for teachers with a master's degree (master's, master's plus 15 credits, master's plus 30 credits, master's plus 45 credits and master's plus 60 credits).

- Both MASD and CDSD have an additional category for teachers with a doctoral degree while SHSD does not.

- The annual salary for SHSD teachers with a bachelor's degree ranges from $39,995 to $63,360. The annual salary is higher for MASD and CDSD teachers with a bachelor's degree. For MASD the range is $45,000 to $72,195, and for CDSD the range is $46,353 to $71,184.

- The annual salary for SHSD teachers with a master's degree ranges from $44,924 to $73,413. The annual salary is higher for MASD and CDSD teachers with a master's degree. For MASD, the range is $47,650 to $82,595, and for CDSD the range is $48,793 to $81,691.

Despite these differences, if Steelton Borough merges with Central Dauphin SD and Highspire Borough with Middletown Area SD, it is likely that Central Dauphin and Middletown Area's salary schedules would be used for all teachers since the total number of teachers that may migrate from SHSD to Central Dauphin or Middletown Area SD would be small compared to the number in Central Dauphin and Middletown Area SDs. It is not known which teachers might migrate from SHSD to one of the two other districts, but for those that do, it is likely that some could realize an increase in salary of roughly $3,000 to $9,000 to match the salary levels of Central Dauphin or Middletown Area staff with the same experience and education.

Steelton-Highspire School District Salary Matrix
(FY 2016-17)

Step	Bachelor's	Bachelor's +15	Master's	Master's +15	Master's +24	Master's +36
1	$39,985	$41,961	$44,924	$46,617	$48,920	$51,348
2	41,082	42,973	46,570	48,212	50,567	52,995
3	42,170	44,620	48,216	49,807	52,214	54,642
4	43,332	46,267	49,864	51,433	53,861	56,289
5	44,493	47,913	51,511	53,080	55,507	57,935
6	44,493	49,560	53,157	54,726	57,154	59,582
7	44,493	51,207	54,804	56,374	58,801	61,228
8	44,493	52,853	56,451	58,020	60,447	62,875
9	44,493	54,500	57,321	59,667	62,094	64,522
10	44,493	56,146	58,771	61,314	63,742	66,168
11	44,493	57,793	60,543	62,960	65,388	67,815
12	44,493	59,073	61,832	64,826	67,254	69,682
13	44,493	61,174	63,862	66,691	69,119	71,547
14	44,493	63,360	66,131	68,558	70,986	73,413

Source: Salary matrix provided by Steelton-Highspire School District.

Middletown Area School District Salary Matrix
(FY 2016-17)

Step	Bachelor's	Master's	Master's +15	Master's +30	Master's +45	Master's +60	Doctoral
1	$45,000	$47,650	$49,550	$51,500	$53,450	$55,400	$57,300
2	45,575	48,225	50,125	52,075	54,025	55,975	57,875
3	46,550	49,200	51,100	53,050	55,000	56,950	58,850
4	47,550	50,200	52,100	54,050	56,000	57,950	59,850
5	48,555	51,205	53,105	55,055	57,005	58,955	60,855
6	49,655	52,305	54,205	56,155	58,105	60,055	61,955
7	51,355	54,005	55,905	57,855	59,805	61,755	63,655
8	53,055	55,705	57,605	59,555	61,505	63,455	65,355
9	55,055	57,705	59,605	61,555	63,505	65,455	67,355
10	57,055	59,705	61,605	63,555	65,505	67,455	69,355
11	59,305	61,955	63,855	65,805	67,755	69,705	71,605
12	61,050	63,700	65,600	67,550	69,500	71,450	73,350
13	63,750	66,400	68,300	70,250	72,200	74,150	76,050
14	66,450	69,100	71,000	72,950	74,900	76,850	78,750
15	69,150	71,800	73,700	75,650	77,600	79,550	81,450
16	72,195	74,845	76,745	78,695	80,645	82,595	84,495

Source: Salary matrix provided by Middletown Area School District.

Central Dauphin School District Salary Matrix
(FY 2016-17)

Step	Bachelor's	Master's	Master's +15	Master's +30	Master's +45	Master's +60	Doctoral
1	$46,353	$48,793	$50,772	$52,751	$54,730	$56,709	$58,688
2	48,126	50,577	52,556	54,535	56,514	58,493	60,472
3	49,900	52,360	54,339	56,318	58,297	60,276	62,255
4	51,674	54,144	56,123	58,102	60,081	62,060	64,039
5	53,447	55,928	57,907	59,886	61,865	63,844	65,823
6	55,221	57,712	59,691	61,670	63,649	65,628	67,607
7	56,995	59,495	61,474	63,453	65,432	67,411	69,390
8	58,768	61,279	63,258	65,237	67,216	69,195	71,174
9	60,542	63,063	65,042	67,021	69,000	70,979	72,958
10	62,315	64,846	66,825	68,804	70,783	72,762	74,741
11	64,089	66,630	68,609	70,588	72,567	74,546	76,525
12	65,863	68,414	70,393	72,372	74,351	76,330	78,309
13	67,636	70,198	72,177	74,156	76,135	78,114	80,093
14	69,410	71,981	73,960	75,939	77,918	79,897	81,876
15	71,184	73,765	75,744	77,723	79,702	81,681	83,660

Source: Salary matrix provided by Central Dauphin School District.

Administrative Costs

Administrative Cost Comparison:
Central Dauphin, Middletown, and Steelton-Highspire SDs

		Admin/ Coordinators per 1,000 ADM			Administrative Spending per ADM		
School District	**Decile**	**Value**	**State Avg.**	**Diff.**	**Value**	**State Avg.**	**Diff.**
Central Dauphin SD	10	14.1	9.1	5.0	$374	$456	-$82
Middletown Area SD	6	14.5	11.4	3.2	$531	$570	-$39
Steelton-Highspire SD	3	12.0	12.7	-0.7	$1,193	$747	$446

Note: State averages represent the weighted average for districts in the same decile.

Source: PDE. Calculations by the IFO.

For FY 2014-15, CDSD ranked in the 10th decile in terms of student population, MASD ranked 6th and SHSD ranked 3rd. Compared to statewide averages for their respective deciles, CDSD had a higher number of administrators and coordinators per 1,000 ADM (+5.0) and lower administrative spending per ADM (-$82). MASD had a higher number of administrators and coordinators per 1,000 ADM (+3.2) and lower administrative spending per ADM (-$39). SHSD had a lower number of administrators and coordinators per 1,000 ADM (-0.7) and higher administrative spending per ADM (+$446). A comparison of the new districts under Scenario 3 reveals the following:

- Since three separate districts would be consolidated into two larger districts, it is likely that there would be a consolidation or elimination of certain district-level positions and the associated costs, which would result in administrative savings.

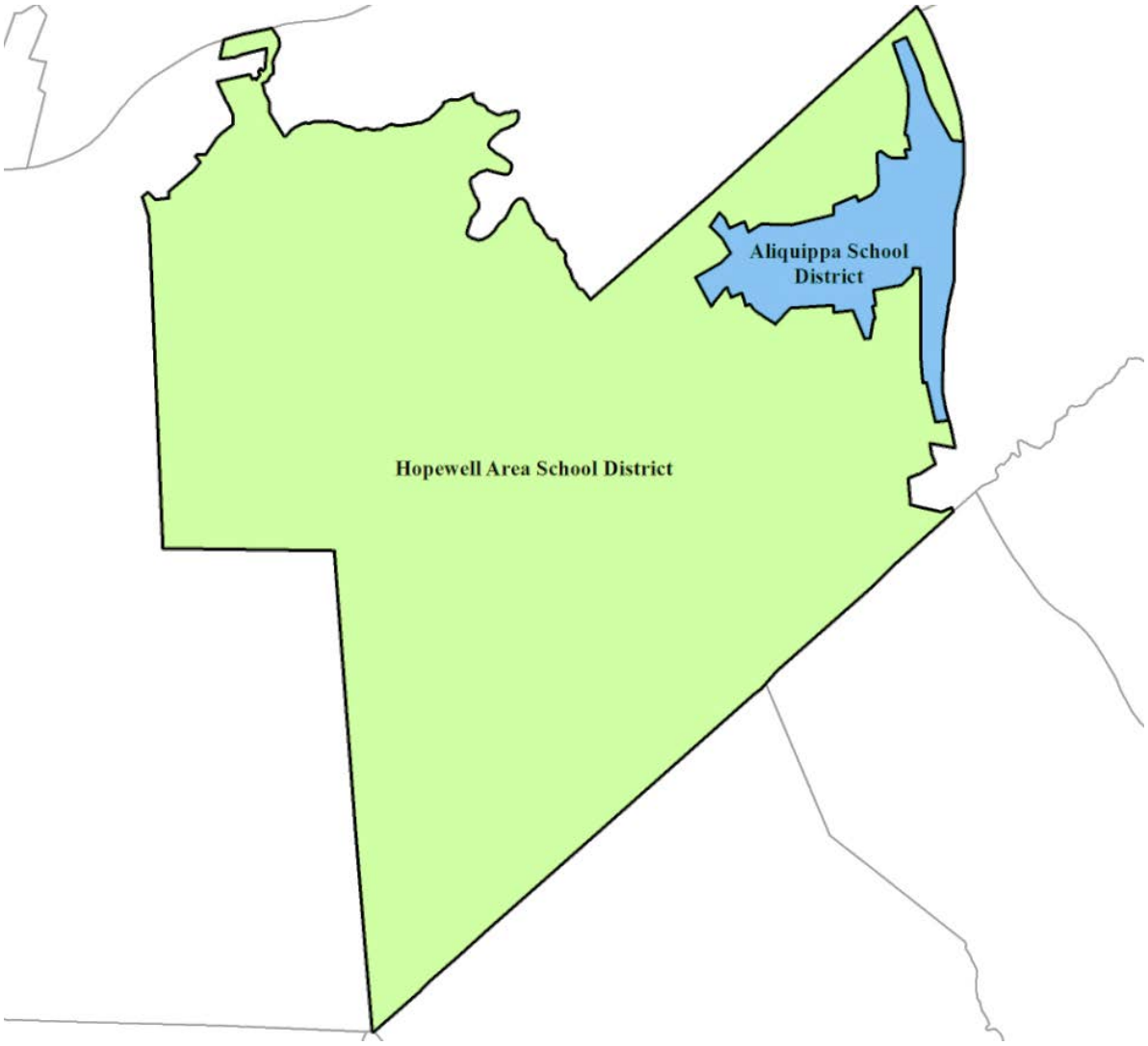
- The new Central Dauphin SD would remain in the 10th decile. Districts in that decile have average administrative spending of $456 per ADM and 9.1 administrators and coordinators per 1,000 ADM.

- The new Middletown Area SD would remain in the 6th decile. Districts in that decile have average administrative costs of $570 per ADM and 11.4 administrators and coordinators per 1,000 ADM.

CASE STUDY #4

Aliquippa

The Aliquippa School District is located in Beaver County. It is a small district: it encompasses approximately 4 square miles and serves slightly over 1,100 students.[413] The total population of Aliquippa is 9,064.[414]



[413] National Center for Education Statistics. *District Directory Information. Aliquippa Sd*, available at https://nces.ed.gov/ccd/districtsearch/district_detail.asp?Search=2&details=1&ID2=4202130&DistrictID=4202130 (accessed March 1, 2017).

[414] Pennsylvania Department of Community and Economic Development. *Aliquippa City Profile*, available at http://dced.pa.gov/geo/beaver/aliquippa/ (accessed March 1, 2017).

According to the work by a local historian Ivagean Ferry "Brief History of Education in Aliquippa", cited in Wikipedia, the present Aliquippa School District, originally the Woodlawn School District, was established in 1909.[415] The Aliquippa Works of Jones and Laughlin Steel Corporation were the cornerstone of the community for decades. With the unexpected collapse of the industry in the eighties, the Jones and Laughlin Steel Corporation had to make significant lay-offs and eventually sold out the plant. The effect on the town and the schools was devastating. Unemployment continued for years to come; many people left the area. Schools enrollments dropped drastically through the decade: from more than 6,000 students to fewer than 1,800.[416]

At present, Aliquippa is experiencing difficulties similar to other old industrial towns: it has a very small tax base and an aging population. The situation is exacerbated by out-of-town homeowners who do not always pay their taxes due to the district. According to the DCED data, the median household income in Aliquippa is $35,772, which is 33 percent less than the county, 37 percent less than the state, and 37 percent less than the nation.[417] The Pennsylvania Department of Education, that is required pursuant to Act 141 of 2012,[418] also known as the School District Financial Recovery Law, to develop and implement an Early Warning System in order to identify school districts experiencing financial difficulties and offer technical assistance to such districts, conducted an initial analysis of the financial health of the Aliquippa School District incorporating the components outlined by the act and, based on the results, designated it in Financial Watch Status in 2013. The designation was based on the following indicators:

- Fund Balance Ratio: -4.4%, based on 2011-12 annual financial report
- Debt Ratio: 11.53%, based on 3-year average from 2009-10, 2010-11, 2011-12 annual financial reports
- Basic Education Funding Advance: District was provided an advance of $1,000,000 in July 2012 to enable the District to make payroll; advance was recovered in August 2012
- 2012-13 Market Value/Personal Income Aid Ratio: .7727
- City of Aliquippa declared financially distressed pursuant to Act 47 of 1987.[419, 420]

[415] Ferry, Ivagean. *Brief History of Education in Aliquippa*. Qtd. in Wikipedia. *Aliquippa School District*, available at https://en.wikipedia.org/wiki/Aliquippa_School_District (accessed March 1, 2017).
[416] Ibid.
[417] Pennsylvania Department of Community and Economic Development. *Aliquippa City Profile*, available at http://dced.pa.gov/geo/beaver/aliquippa/ (accessed March 1, 2017).
[418] Act of July 12, 2012 (P.L.1142, No.141) amended the Public School Code of 1949 by adding Article VI-A, 24 P.S. § 6-601-a et seq.
[419] Pennsylvania Department of Education. *Letter to Mr. Edward Palombo, Aliquippa School District,* c/o Superintendent's Office. March 15, 2013, available at http://www.education.pa.gov/Documents/Teachers-Administrators/School%20Finances/Financial%20Recovery%20for%20School%20Districts/Aliquippa%20SD%20Financial%20Watch%20Letter.pdf (accessed March 6, 2017).
[420] Act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act, 53 P.S. § 11701.101 et seq.

Based upon the results of the initial analysis, PDE collected additional information from the district, pursuant to the act.[421] The following indicators supported the district's designation in Financial Watch Status:

- District unable to acquire a tax anticipation note during the summer of 2012, which necessitated the request for a Basic Education Funding Advance in July 2012
- District's outstanding debt was 228% of expenditures at the end of 2011-12 fiscal year
- District had a delinquent real estate tax rate of 23.3% in the 2011-12 fiscal year
- District projecting a $725,000 cash shortfall in June 2013; anticipates having cash flow issues and having difficulty meeting payroll obligations during 2012-13 fiscal year[422]

Currently, the financial challenges the school district has to overcome due to the dwindling tax base remain significant: the district is struggling to handle a $1.8 million deficit.[423]

As the Aliquippa School District has had declining enrollment since the collapse of the steel mills, it made multiple attempts to merge with the Hopewell Area School District, which geographically almost surrounds Aliquippa. Hopewell, however, repeatedly declined Aliquippa's requests.[424] So did the Center Area School District (now the Central Valley School District) when Aliquippa wanted to merge with it at one point. A later attempt to merge with the new Central Valley School District was also rebuffed.[425]

In 2009, the Aliquippa School District underwent major changes. Beginning with the 2009/10 school year, the Aliquippa Middle School was turned into the Aliquippa Junior Senior High School; it currently houses all grades served by the former middle and high schools. At present, there are two schools in Aliquippa: Aliquippa Elementary School (grades KG to 6) and Aliquippa Junior Senior High School (grades 7-12).

Both Aliquippa Elementary School and Aliquippa Junior Senior High School are on the PDE list of low-achieving schools in Pennsylvania as they ranked in the lowest 15 percent of its designation for the 2013-14 academic year based on the combined Mathematics/Algebra I and Reading/Literature scores from the annual assessments (PASA, PSSA, and/or Keystone)

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[421] 22 Pa. Code § 731(II).

[422] Pennsylvania Department of Education. *Letter to Mr. Edward Palombo, Aliquippa School District*, c/o Superintendent's Office. March 15, 2013, available at http://www.education.pa.gov/Documents/Teachers-Administrators/School%20Finances/Financial%20Recovery%20for%20School%20Districts/Aliquippa%20SD%20Financial%20Watch%20Letter.pdf (accessed March 6, 2017).

[423] Information provided to the Joint State Government Commission by Dr. Peter Carbone, Superintendent of the Aliquippa School District, in a telephone conversation on February 14, 2017.

[424] Prose, J.D. *Midland School District Opens Its Doors to Aliquippa's Pupils*, available at http://www.timesonline.com/midland-school-district-opens-its-doors-to-aliquippa-s-pupils/article_fe6ae89b-141c-594c-b075-da496660d59e.html (accessed March 8, 2017).

[425] Wikipedia. *Aliquippa School District*, available at https://en.wikipedia.org/wiki/Aliquippa_School_District (accessed March 1, 2017).

administered in 2014.[426] Students who live within the attendance boundaries of a low-achieving school, as determined by the Pennsylvania Department of Education, may be eligible for scholarships to transfer to another public or non-public school through the state's Opportunity Scholarship Tax Credit Program passed in June 2012. Eligibility for these scholarships is determined by family income.[427]

In 2015 and 2016, proficiency scores of the Aliquippa School District students remained low – close to 30 percent below the state average in mathematics, more than 30 percent below the state average in English and in science.[428] The following charts demonstrate it very clearly that while Aliquippa students' proficiency scores are noticeably below the state average, in the neighboring Hopewell School District that Aliquippa tried to merge with in the past, they are at or above the state average. The graduation rate in Aliquippa in the past two years has been more than 2 percent lower than the state average (82.61 percent versus 84.75 percent in 2014-15 and 83.52 percent versus 86.09 percent in 2015-16) while in Hopewell it has been about 10 percent higher than the state average (93.85 percent versus 84.75 percent in 2014-15 and 96.46 percent versus 86.09 percent in 2015-16).[429] This makes some proponents of merging believe that joining a stronger district would be academically advantageous for Aliquippa pupils.

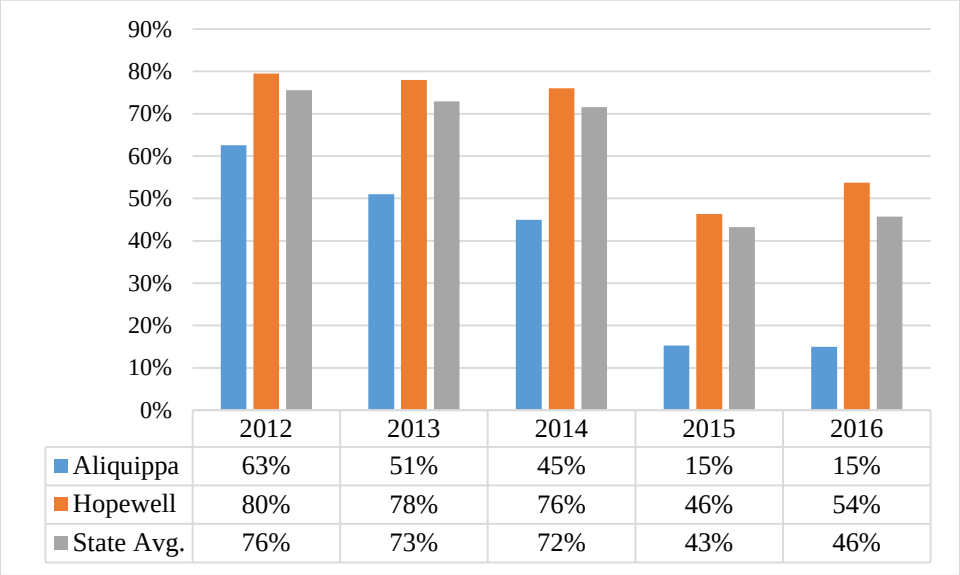
Percent of Students Proficient or Above in English: Selected Districts

	2012	2013	2014	2015	2016
Aliquippa	50%	39%	39%	29%	29%
Hopewell	76%	75%	73%	64%	66%
State Avg.	72%	70%	70%	62%	62%

Source: Pennsylvania Department of Education (PDE).
Analysis by the Joint State Government Commission (JSGC)

[426] Pennsylvania Department of Education. *2015-16 Scholarship Tax Credit Program – List of Low Achieving Schools*, available at http://www.education.pa.gov/Documents/K-12/Opportunity%20Scholarship%20Tax%20Credit%20Program/2015-16%20OSTCP%20-%20List%20of%20Low%20Achieving%20Schools.pdf (accessed March 8, 2017).
[427] Pennsylvania Department of Economic Development. *Opportunity Scholarship Tax Credit Program Frequently Asked Questions (FAQs)*, available at http://dced.pa.gov/opportunity-scholarship-tax-credit-program-faq/ (accessed March 8, 2017).
[428] See table in Appendix C.
[429] See table in Appendix C.

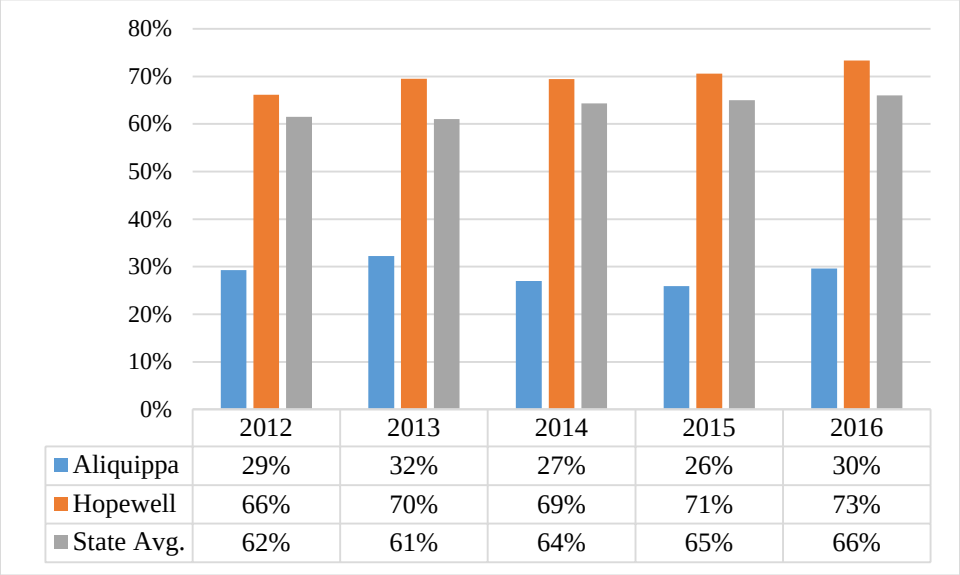
Percent of Students Proficient or Above in Math: Selected Districts



	2012	2013	2014	2015	2016
Aliquippa	63%	51%	45%	15%	15%
Hopewell	80%	78%	76%	46%	54%
State Avg.	76%	73%	72%	43%	46%

Source: Pennsylvania Department of Education (PDE).
Analysis by the Joint State Government Commission (JSGC)

Percent of Students Proficient or Above in Science: Selected Districts



	2012	2013	2014	2015	2016
Aliquippa	29%	32%	27%	26%	30%
Hopewell	66%	70%	69%	71%	73%
State Avg.	62%	61%	64%	65%	66%

Source: Pennsylvania Department of Education (PDE).
Analysis by the Joint State Government Commission (JSGC)

The Aliquippa School District, however, has highly qualified teachers. Students have access to a variety of clubs, extracurricular activities, and sports. It has a very strong athletic program, football in particular. To celebrate its 60th anniversary, *Sports Illustrated* republished several stories that they consider the best stories ever to run in the magazine's history. One of their selections was a story of Aliquippa, which they described as "a small Western Pennsylvania mill town that, after five decades of economic decline and racial conflict, found unity and hope on the football field."[430] The story helps understand challenges faced by many students living in the rundown town; it also helps understand why the community is so resistant to losing its renowned team and why the pride in a local team and reluctance to lose it often become an obstacle to merging for this and other school districts as well.

In its pursuit of meaningful positive change, the Aliquippa School District strives to mobilize parents and community to work together to improve student achievement. Its efforts have not gone unnoticed. In 2014, the Keystone to Opportunities Grant recognized Aliquippa Elementary School's efforts "to engage parents and families to partner with the District in raising literacy awareness in the community with the first Breaking the Cycle: Increasing Family Engagement Innovation Award."[431] The Keystone to Opportunities initiative is aimed at providing interventions and enrichment opportunities for students to succeed while at the same time fostering "a community embracing literacy beyond reading classes."[432] The Take a Book Home initiative emphasizes the value of reading; it placed books into every student's home four times a year to build access to literature in the home. An afterschool book club for students in grades 2-6, meeting twice a week for two hours, became very popular with the students, who proceeded to recruit their friends to attend.

At present, the Aliquippa School District is led by a highly competent, energetic and dedicated superintendent. He is working very hard to align resources and prioritize them, to optimize class sizes and contract out when it is economically feasible, for example, in transportation and technology.[433] Financial difficulties the district is facing, however, go way beyond its management and are rooted in the economic problems of the area, as is the case with many other old industrial towns in Pennsylvania.

After the installation of a new superintendent, the Aliquippa School District has developed a comprehensive plan for improvement. Designed with the assistance of PDE-approved outside consultants, the plan involves providing an ongoing professional development and beginning "a system-wide transformation process aimed at improving outcomes for all students."[434]

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[430] Price, S.L. "The Heart of Football Beats in Aliquippa: Hope and Despair in Pennsylvania Mill Town." *Sports Illustrated*. September 9, 2014, available at http://www.si.com/high-school/2014/09/09/heart-football-beats-aliquippa (accessed March 9, 2017).

[431] *Aliquippa School District*, available at http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwiKjOaW38nSAhWHwlQKHYL6COgQFggcMAA&url=http%3A%2F%2Fpdesas.org%2Ftrisha_stauffer%2F2015%2F7%2F22%2F621307%2Ffile.aspx&usg=AFQjCNGaOnvMJqL8y5-U7Mal1N0xBu0cMA&sig2=IL_oNSJn8IEZsvglJ8fuaA (accessed March 9, 2017).

[432] Ibid.

[433] Information provided to the Joint State Government Commission by Dr. Peter Carbone, Superintendent of the Aliquippa School District, in a telephone conversation on February 14, 2017.

[434] Aliquippa SD. *District Level Plan 07/01/2016 – 06/30/2019*, available at http://www.eseafedreport.com/Content/reportcards/RC15S127040503000008086.PDF (Accessed March 9, 2017).

One of the components of the planning process led by the new superintendent and his team is "reigniting community-wide support for the school-district."[435] Based upon the poverty threshold, the Aliquippa School District can claim a school-wide program status under Title 1, Part A guidelines, which helps to combine federal, state, and local initiatives to assist the district's fiscal crisis. Partnerships with community organizations such as Aliquippa Alliance for Unity and Development, City Council, Big Brothers/Big Sisters, Aliquippa Impact, BF Jones Library, and others provide town hall meetings, family resources, and academic information. Western PA Psychiatric Services (WPPC) have satellite offices in both school buildings to offer counselling services to students and parents at a convenient location, connecting behavioral and academic supports. The plan emphasizes "the importance of the triangular *home-school-community* connection to meet the needs of Aliquippa's students and families."[436]

The plan delineates core foundations: curriculum mapping and alignment with state standards, standardized tests and/or state tests, curriculum-embedded tests, student assignments, lesson plans, textbooks and instruction; implementation of effective teaching models and strategies; recruitment of the most effective and highly qualified teachers through the regularly reviewed and updated hiring policy. Justly believing that literacy is the foundation of knowledge acquisition, the district is focusing on improving the literacy performance of all students. The mapping process is moving program-based instruction to one focused on student outcomes and achievements.[437] The district coordinates its activities with before- and after-school programs and agencies in the community. Professional development takes an important place in the district plan.

The Aliquippa School District has created its own programming to meet the needs of students in all of the special education categories. The Aliquippa Elementary School has implemented a full-inclusion model with co-teachers and/or a dually certified special education/elementary education teachers in grades 1-6 where appropriate. In the Junior Senior High School, students who have special needs are included in most studies, with supplementary aids and services provided by the special education teachers in cooperation with the general education teachers. Students are taught in support classrooms only when "the student needs are greater than the supports that have been implemented without success."[438] Recently, the district has added aides and paraprofessionals to many classrooms as additional source of support for students with Individual Education Plans (IEPs).[439] When the need arises for a determination of a placement outside of the school district buildings, the district often uses Holy Family as an outside setting and keeps in contact with its students and their families by attending all meetings at Holy Family.[440] The Aliquippa School District staff meet with the Holy Family staff to ensure that their programming meets the standards of the district and that the students are receiving an appropriate education. The Aliquippa School District has made "significant growth in the services provided in the Autistic Support and Life Skills Support classrooms in both buildings."[441] The district revised school policies regarding special education and behavior support, stipulating for positive reinforcement. Teachers are trained in incentive programs and de-escalation techniques. The

[435] Ibid.
[436] Ibid.
[437] Ibid.
[438] Ibid.
[439] Ibid.
[440] Ibid.
[441] Ibid.

special education programs developed by the Aliquippa School District over the past several years are considered to be strong.[442] The district has noted marked progress in reading and speaking by students participating in Language for Learners and the Endmark Reading program.[443]

The newly developed three-year plan reflects the thorough and conscientious approach selected by the Aliquippa School District under the new leadership to address the district's goals and challenges.

One of the solutions to some of the problems Aliquippa School District has been facing would be merging with a neighboring district. Aliquippa was willing to investigate that option in the past, and some people believe it deserves to be considered in the current circumstances.

IFO Scenario #4: Hopewell Area and Aliquippa School Districts

Hopewell Area School District (HASD) includes students from Hopewell Township, Independence Township and Raccoon Township in Beaver County. For FY 2014-15, the district had 2,295 ADM. The district has three elementary schools, one junior high school and one senior high school. Aliquippa School District (ASD) includes students from Aliquippa City in Beaver County. For FY 2014-15, the district had 1,299 ADM. The district has one elementary school and one junior/senior high school. This scenario merges HASD and ASD into a single district, which would have a total of 3,593 ADM.

Tax Revenues

Revenue Snapshot for Hopewell Area and Aliquippa School Districts

	Hopewell Area	Aliquippa
Local Revenue from FY 2015-16 AFR Data ($ millions)	$18.7	$6.4
Average Daily Membership (ADM) FY 2014-15	2,295	1,299
Local Revenue per ADM	$8,138	$4,935
Property Tax Revenue ($ millions)[1]	$15.6	$5.3
Property Tax Revenue per ADM	$6,778	$4,090
2015 STEB Assessment Value ($ millions)	$236.2	$86.3
FY 2015-16 Millage Rate[2]	70.0000	see note
Earned Income Tax (EIT) Revenue ($ millions)[3]	$2.2	$0.6
EIT Revenue per ADM	$967	$481
Taxable Earned Income ($ millions)[4]	$444.0	$125.0
EIT Rate	0.5%	0.5%

[1] Includes FY 2015-16 current & interim collections plus Act 1 reduction allocations.
[2] ASD levies two millage rates: 224.0000 on land and 34.7500 on buildings.
[3] Includes FY 2015-16 Act 1 and Act 511 earned income tax revenues.
[4] Estimated total taxable earned income calculated by the IFO.
Sources: PDE, STEB and DCED.

[442] Ibid.
[443] Ibid.

Scenario 4
Implications

	Hopewell Area + Aliquippa
Local Revenue ($ millions)	$25.1
ADM	3,593
Local Revenue per ADM	$6,982
Property Tax Revenue ($ millions)	$20.9
Property Tax Revenue per ADM	$5,808
Assessment Value ($ millions)	$322.4
Millage Rate[1]	64.7206
EIT Revenue ($ millions)	$2.8
EIT Revenue per ADM	$792
Taxable Earned Income ($ millions)	$569.0
EIT Rate	0.5%

[1] The merged Hopewell Area and Aliquippa School District would not be eligible to levy separate millage rates on land and buildings under section 672(e) of the Public School Code of 1949. The millage rate in this table applies to both land and buildings.
Source: Calculations by the IFO.

Summary

The ADMs of ASD and HASD were combined to yield a new ADM of 3,593 for the proposed district. Total local revenue was also combined to yield $25.1 million. For this scenario, a new blended millage rate was calculated from the combination of property tax revenues and assessment values in both districts. The same approach was used for EIT revenues and the EIT rate. Based on this approach, the analysis derives the following results:

- The merged district generates $25.1 million in local revenue ($6,982 per ADM). On a per student basis, this represents a $2,047 increase for Aliquippa students, and a $1,156 decrease for Hopewell Area students.

- The merged district generates $23.7 million in combined property tax and EIT revenues ($6,600 per ADM). On a per student basis, this represents a $2,029 increase for Aliquippa students, and a $1,146 decrease for Hopewell Area students.

- If the new school district levied the calculated blended rate of 64.7206 mills, this would be a millage rate reduction of 7.5 percent for property owners from HASD. For ASD, land owners would receive a millage rate reduction of 71.1 percent, while building owners would receive a millage rate increase of 86.2 percent.

Debt Summary

For this scenario, the analysis combines expenditures, debt service and debt outstanding for the two districts. Therefore, it was not necessary to split or apportion any existing debt. The combination of those categories yields the following results for the new district:

- Debt service as a share of total expenditures is 8.5 percent. This outcome is a 2.1 percentage point decrease for ASD and a 1.3 percentage point increase for HASD.

- Debt service per ADM is $1,370. This outcome is a $371 decrease for ASD and a $210 increase for HASD.

- Debt service as a percentage of combined property tax and EIT revenues is 20.8 percent. This outcome is a 17.3 percentage point decrease for ASD and a 5.8 percentage point increase for HASD.

- Debt outstanding per ADM is $41,443. This outcome is a $15,921 decrease for ASD and a $9,012 increase for HASD.

Scenario 4
Debt Summary/Implications

	Aliquippa	Hopewell Area	Hopewell Area + Aliquippa
Total Expenditures ($ millions)	$21.3	$36.9	$58.2
Debt Service ($ millions)	$2.3	$2.7	$4.9
Debt Service as Share of Expenditures	10.6%	7.2%	8.5%
Debt Service per ADM	$1,741	$1,160	$1,370
Debt Service as % of PT & EIT Revenues	38.1%	15.0%	20.8%
Debt Outstanding at end of FY ($ millions)	$74.5	$74.4	$148.9
Debt Outstanding per ADM	$57,364	$32,431	$41,443

Note: All data are for FY 2015-16.
Source: FY 2015-16 Annual Financial Report, PDE. Calculations by the IFO.

State Funding

The first table on the next page details the most recent data for each item within the new BEF formula for the current ASD and HASD. A second table displays some of the more important items within the BEF formula for the current and restructured districts. The tabulations for "New Districts" were calculated by the IFO using ACS 2015 data for ASD and HASD. The second table reveals a number of notable points:

- ASD currently has 30.2 percent of its children age 6-17 living below the FPL, so that it qualifies for an increase in adjusted ADM. For HASD, the comparable figure is 2.3 percent. The merger of ASD and HASD would result in a poverty level of 12.4 percent. This would imply a decrease in future state funds driven out by the new BEF formula to the proposed district.

- Over half of ASD's 6-17 year old population lives below the FPL or in low-income households. For HASD, the comparable figure is under 14 percent. The merger of ASD and HASD would result in a figure of 29.3 percent. It is unclear if that result would increase or decrease total state funding driven out to the proposed district.

- The median household income in HASD ($63,210) is currently more than twice that of ASD ($30,851). The proposed district would have a median household income of roughly $51,339. It is unclear if that result would increase or decrease total state funding driven out to the proposed district.

Overview of
Hopewell Area and Aliquippa School Districts' BEF

	Hopewell Area	Aliquippa
Total 2016-17 Estimated BEF ($ thousands)	$9,654	$8,791
BEF Base Allocation ($ thousands)	$9,466	$8,082
2016-17 Estimated New BEF Formula ($ thousands)	$187	$710
2014-15 Adjusted ADM	2,295	1,299
2013-14 Adjusted ADM	2,355	1,304
2012-13 Adjusted ADM	2,368	1,258
2016-17 BEF Three-Year Average ADM	2,339	1,287
2015 Share Living Below the FPL (<100% FPL)	5.3%	50.1%
2015 Share Living in Low-Income (100 -184% FPL)	11.4%	26.8%
2015-16 Number of Limited English-Proficient Students	2	1
2014-15 Charter School ADM	110	139
2010 Total Square Miles	60	5
2014-15 ADM per Square Mile	38.3	282.6
2014-15 Sparsity Ratio	0.492	-2.742
2014-15 Size Ratio	0.665	0.810
2014-15 Sparsity/Size Ratio	0.5901	-0.5872
2014-15 Sparsity/Size Adjustment	0.000	0.000

Overview of
Hopewell Area and Aliquippa School Districts' BEF

	Hopewell Area	Aliquippa
Total Student-Weighted ADM	2,514	2,005
2015 Median Household Income	$63,210	$30,851
2015 Median Household Income Index	0.848	1.7374
2015-16 Local Tax-Related Revenue ($ millions)	$19.2	$6.8
2015 Number of Households	7,173	4,156
2015 Local Effort Factor	0.83	1.03
2015 STEB Market Value ($ millions)	$864	$236
2014 Adjusted Personal Income ($ millions)	$452	$119
2014-15 Current Expenditures ($ millions)	$33.5	$19.0
2014-15 Current Expenditures per Student-Weighted ADM	$13,325	$9,492
2014-15 Excess Spending Factor	0.8666	1.2458
2014-15 Local Effort Index	0.72	1.03
2014-15 Local Capacity per Weighted Student	7,142	2,355
2014-15 Local Capacity Index	0.00	0.64
Local Effort Capacity Index (LECI)	0.72	1.67
Student-Weighted ADM * Median HH Index * LECI	1,535	5,818

Source: PDE, FY 2016-17 Estimated Basic Education Funding.

Comparison of
Current Districts to Proposed Districts

	14-15 ADM	% of Age 6-17 Living Below FPL	% of Age 6-17 Living in Low Income	Number of Households	Median Household Income
Current Districts					
Hopewell Area	2,295	2.3%	11.4%	7,173	$63,210
Aliquippa	1,299	30.2%	26.8%	4,156	$30,851
New Districts					
Aliquippa + Hopewell	3,593	12.4%	17.0%	11,329	$51,339

Source: Current district data are from PDE. Calculations by the IFO.

Salary Comparison/Standardization

The salary schedules for ASD and HASD are quite different. (See tables on next page.) Major differences include the following:

- ASD has 15 steps for teachers with a bachelor's degree, master's degree, master's degree plus 30 credits and master's degree plus 60 credits. HASD has 18 steps for teachers with a bachelor's degree or master's degree.

- For ASD, 72 percent of all teachers currently have a bachelor's degree and earn between $41,194 and $70,063. For teachers with a bachelor's degree, 40 percent earn $70,063. For HASD, 38 percent of teachers have a bachelor's degree and earn between $49,680 and $77,480. For teachers with a bachelor's degree, 43 percent earn $77,480.

- For ASD, only 28 percent of all teachers have a master's degree and earn between $42,266 and $71,322. Just over half of those who currently have a master's degree earn more than $70,000. For HASD, 62 percent of all teachers have a master's degree and earn between $52,430 and $80,230. For teachers with a master's degree, 30 percent earn $80,230.

If ASD and HASD merge, there will be challenges due to the reconciliation of salary schedules. For FY 2016-17, ASD has 105 instructional staff who receive a salary based on the salary matrix. In nearly every case, teachers in ASD earn $5,000 to $10,000 less per instructor than HASD's 116 comparable employees with the same degree. While the parameters of a new salary matrix are unclear, if no teacher earns less than their current salary, then incremental salary costs for the new district would range from $0.5 - $1.0 million (excluding added payroll taxes and new retirement contributions).

Aliquippa School District Salary Matrix
(FY 2016-17)

Step	Bachelor's		Master's		Master's +30		Master's +60
	(1)	(2)	(1)	(2)	(1)	(2)	
1	$40,694	$49,543	$41,266	$50,165	$44,201	$50,803	$51,463
2	41,194	50,043	41,766	50,664	44,701	51,302	51,962
3	41,694	50,543	42,266	51,164	45,201	51,802	52,462
4	42,194	51,043	42,766	51,664	45,701	52,302	52,962
5	43,833	52,682	44,405	53,303	47,340	53,941	54,601
6	45,470	54,319	46,402	54,940	48,977	55,578	56,238
7	47,108	55,957	47,680	56,578	50,615	57,216	57,876
8	48,747	57,596	49,319	58,217	52,254	58,855	59,515
9	50,386	59,235	50,958	59,856	53,893	60,494	61,154
10	52,024	60,873	52,596	61,494	55,531	62,132	62,792
11	53,662	62,511	54,234	63,132	57,169	63,770	64,430
12	55,300	64,149	55,872	64,770	58,807	65,408	66,068
13	56,938	65,787	57,510	66,408	60,445	67,046	67,706
14	58,576	67,425	59,148	68,046	62,083	68,684	69,344
15	61,214	70,063	61,786	70,684	64,721	71,322	71,982

Note: Category/level (1) is for teachers who have not yet received their permanent teacher certification. After they receive certification, they would move to category/level (2).
Source: Salary matrix provided by Aliquippa School District.

Hopewell Area School District Salary Matrix
(FY 2016-17)

Step	Bachelor's	Master's
1	$49,680	$52,430
2	50,680	53,430
3	51,680	54,430
4	52,680	55,430
5	54,180	56,930
6	55,680	58,430
7	57,380	60,130
8	59,080	61,830
9	60,780	63,530
10	62,480	65,230
11	64,180	66,930
12	65,880	68,630
13	67,780	70,530
14	69,680	72,430
15	71,580	74,330
16	73,480	76,230
17	75,480	78,230
18	77,480	80,230

Source: Salary matrix provided by Hopewell Area School District.

Administrative Costs

Administrative Cost Comparison:
Hopewell Area and Aliquippa School Districts

		Admin/ Coordinators per 1,000 ADM			Administrative Spending per ADM		
School District	**Decile**	**Value**	**State Avg.**	**Diff.**	**Value**	**State Avg.**	**Diff.**
Hopewell Area SD	6	12.4	11.4	1.1	$658	$570	$88
Aliquippa SD	3	10.4	12.7	-2.3	$581	$747	-$166

Note: State averages represent the weighted average for districts in the same decile.
Source: PDE. Calculations by the IFO.

For FY 2014-15, HASD ranked in the 6th decile in terms of student population, and ASD ranked 3rd due to its smaller size. Compared to statewide averages for their respective deciles, HASD had a higher number of administrators and coordinators per 1,000 ADM (+1.1) and higher administrative spending per ADM (+$88). ASD had a lower number of administrators and coordinators per 1,000 ADM (-2.3) and lower administrative spending per ADM (-$166). A comparison of the new districts under Scenario 4 reveals the following:

- Because the two separate districts would be consolidated into a single larger district, it is likely there would be a consolidation or elimination of certain district-level positions and the associated costs, which would result in administrative savings.

- The higher student total moves the new district into the 8th decile. Schools in that decile have average administrative costs of $568 per ADM and 11.9 administrators and coordinators per 1,000 ADM.

RECOMMENDATIONS

For the General Assembly

- Keep school district consolidation voluntary but provide state incentives.
- Provide support for functional collaboration, not just for physical merger.
- Remove any legal barriers to sharing services.
- Avoid big investments in capital spending as part of transitional expenses.
- Implement monitoring and controls to guard against gradual post-consolidation administrative growth.
- Take into account impacts of consolidation on various categories of students.
- Focus on school districts' efficiency understood broadly so as to include not only fiscal frugality but also student performance data and other indicators.
- Support successful IU practices and explore the possibility of enhancing the scope of IUs' services offered to school districts.
- Consider modifying state requirements that may impede promising initiatives, such as seat-time requirements, which mandate that students spend a certain amount of time in a physical classroom setting and, thus, limit the ability of schools and districts to use online or blended learning.
- Consider creating regional high schools in areas with declining populations while allowing school districts to run elementary and middle schools.
- Conduct a separate study to examine multi-county districts and specific challenges they are facing.

For the Department of Education

- Develop a set of guidelines for school districts clearly outlining what they need to do if they decide to consolidate.
- Assign a staff person solely responsible for doing feasibility studies and providing technical assistance to districts preparing for consolidation (or, at least, have it clearly listed among other job responsibilities) within the Office of School Services.

- Provide guidance and technical support to districts that are considering tuitioning out their high school students or combining their administrations; specifically, develop a list of basic items that would help ensure a fair and stable financial arrangements as well as encourage academic coherence and excellence for both the sending and receiving district; assist in drafting a contractual agreement.
- Provide guidance and technical support to districts that are considering sharing services in transportation, food, and other areas.
- Identify those districts that have accomplished alternative arrangements successfully and look to their leadership to determine principles and baselines for "best practices"; make these baselines available to districts that could benefit from similar arrangements.
- Proactively facilitate collaboration between school districts in all areas.

For School Districts

- Conduct a comprehensive and realistic assessment of the district's present condition and prospects.
- Explore a variety of physical and functional consolidation options.
- If considering a merger, plan early, when the district is still "healthy," and start early communication with parents and the community at large.
- Continuously reassess various collaboration possibilities in order to achieve higher efficiency and offer better academic opportunities to students.
- Design detailed, fair, and stable agreements for any collaborative efforts the district chooses to participate in.
- Maintain an efficient administrative structure; avoid administrative overload.
- Conduct a cost-benefit analysis of participating in joint purchasing agreements with the IUs, other school districts, or municipalities.
- Determine whether it is more cost-effective to provide services for special education students, offer virtual courses and other instruction services through intermediate units or in-house.
- Conduct a cost-benefit analysis to establish whether it is more cost-effective to contract out various auxiliary services such as student transportation, food operations, payroll, and technology support or to provide these services in-house.

APPENDICES

APPENDIX A

2015 House Resolution 910

PRIOR PRINTER'S NO. 3442 PRINTER'S NO. 3517

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 910 Session of 2015

INTRODUCED BY VEREB, SAYLOR, V. BROWN, D. COSTA, DIAMOND, GERGELY, GIBBONS, GINGRICH, JOZWIAK, MAHONEY, MAJOR, MILLARD, MULLERY, NEILSON, PASHINSKI, PAYNE, SCHLOSSBERG, ZIMMERMAN, MENTZER, D. PARKER AND MATZIE, JUNE 1, 2016

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 14, 2016

A RESOLUTION

Directing the Joint State Government Commission to conduct a Statewide study on reducing the number of school districts in this Commonwealth.

WHEREAS, This Commonwealth has 500 school districts that operate as discrete entities; and

WHEREAS, Each school district operates under an independent governance structure, develops an annual budget, maintains a professional and support staff and provides for the procurement of goods and services to meet the needs of the district; and

WHEREAS, The considerable number of school districts may result in significant financial inefficiencies and duplication of services; and

WHEREAS, The consolidation of school districts or school district services may help to reduce administrative overhead, address declining populations and create financial efficiencies to help ease the burden on local property taxpayers; and

WHEREAS, A reduction in the number of school districts may

also increase academic achievement and enrichment opportunities for students through access to better resources; and

WHEREAS, A study on the cost savings that can be realized through consolidation of school districts or school district services may help to guide the General Assembly in making decisions regarding school district consolidation in the future; therefore be it

RESOLVED, That the House of Representatives direct the Joint State Government Commission, with assistance from the Independent Fiscal Office, to conduct a Statewide study on reducing the number of school districts in this Commonwealth; and be it further

RESOLVED, That the Joint State Government Commission, in conducting the study, shall do all of the following:

(1) Evaluate the cost savings that may materialize as a result of Statewide school district consolidation~~, including~~ <-- AND the consolidation of administrative, purchasing and other <-- functions.

(2) Analyze the potential impact of Statewide school district consolidation on student transportation, State funding received by school districts and other logistical issues.

(3) Consider the feasibility of multiple school district consolidation options, including consolidation at the county, intermediate unit or other ~~level;~~ LEVEL. <--

(4) EVALUATE AND MAKE RECOMMENDATIONS REGARDING A MANNER IN WHICH TO ADDRESS SCHOOL DISTRICT DEBT AND MILLAGE AS A RESULT OF SCHOOL DISTRICT CONSOLIDATION.

(5) EVALUATE AND MAKE RECOMMENDATIONS REGARDING POSSIBLE INCENTIVES FOR CONSOLIDATIONS.

(6) EVALUATE NOT ONLY THE FINANCIAL IMPACT OF SCHOOL CONSOLIDATION BUT THE IMPACT IT WOULD HAVE ON ACADEMIC ACHIEVEMENT;

and be it further

RESOLVED, That the Joint State Government Commission report its findings and recommendations to the House of Representatives no later than one year after the adoption of this resolution.

APPENDIX B

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Bermudian Springs	Adams	2,072.976
Conewago Valley	Adams	3,955.779
Fairfield Area	Adams	1,082.047
Gettysburg Area	Adams	3,110.400
Littlestown Area	Adams	2,060.913
Upper Adams	Adams	1,777.645
Allegheny Valley	Allegheny	958.315
Avonworth	Allegheny	1,652.531
Baldwin-Whitehall	Allegheny	4,281.769
Bethel Park	Allegheny	4,286.669
Brentwood Borough	Allegheny	1,237.759
Carlynton	Allegheny	1,449.989
Chartiers Valley	Allegheny	3,415.292
Clairton City	Allegheny	902.899
Cornell	Allegheny	698.432
Deer Lakes	Allegheny	2,005.477
Duquesne City	Allegheny	803.434
East Allegheny	Allegheny	1,886.641
Elizabeth Forward	Allegheny	2,390.126
Fox Chapel Area	Allegheny	4,207.313
Gateway	Allegheny	3,608.170
Hampton Township	Allegheny	2,942.255
Highlands	Allegheny	2,663.735
Keystone Oaks	Allegheny	1,936.301
McKeesport Area	Allegheny	4,010.026
Montour	Allegheny	2,922.709
Moon Area	Allegheny	3,826.277
Mt Lebanon	Allegheny	5,386.384
North Allegheny	Allegheny	8,301.080
North Hills	Allegheny	4,338.485
Northgate	Allegheny	1,219.234
Penn Hills	Allegheny	4,568.524
Pine-Richland	Allegheny	4,652.827
Pittsburgh	Allegheny	27,226.816

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Plum Borough	Allegheny	3,953.031
Quaker Valley	Allegheny	1,867.712
Riverview	Allegheny	984.745
Shaler Area	Allegheny	4,578.546
South Allegheny	Allegheny	1,567.073
South Fayette Township	Allegheny	3,046.519
South Park	Allegheny	1,922.097
Steel Valley	Allegheny	1,761.812
Sto-Rox	Allegheny	1,749.788
Upper Saint Clair	Allegheny	4,117.036
West Allegheny	Allegheny	3,380.914
West Jefferson Hills	Allegheny	2,922.284
West Mifflin Area	Allegheny	2,658.313
Wilkinsburg Borough	Allegheny	1,144.631
Woodland Hills	Allegheny	4,971.386
Apollo-Ridge	Armstrong	1,364.913
Armstrong	Armstrong	5,480.026
Freeport Area	Armstrong	1,890.537
Leechburg Area	Armstrong	798.333
Aliquippa	Beaver	1,260.805
Ambridge Area	Beaver	2,917.022
Beaver Area	Beaver	2,108.509
Big Beaver Falls Area	Beaver	1,772.324
Blackhawk	Beaver	2,517.755
Central Valley	Beaver	2,461.658
Freedom Area	Beaver	1,492.150
Hopewell Area	Beaver	2,194.627
Midland Borough	Beaver	420.274
New Brighton Area	Beaver	1,512.102
Riverside Beaver County	Beaver	1,521.138
Rochester Area	Beaver	800.376
South Side Area	Beaver	1,118.540
Western Beaver County	Beaver	769.920
Bedford Area	Bedford	2,068.772
Chestnut Ridge	Bedford	1,525.228
Everett Area	Bedford	1,370.540
Northern Bedford County	Bedford	966.453
Tussey Mountain	Bedford	1,028.785
Antietam	Berks	1,070.038
Boyertown Area	Berks	7,138.741
Brandywine Heights Area	Berks	1,499.799
Conrad Weiser Area	Berks	2,663.962

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Daniel Boone Area	Berks	3,525.475
Exeter Township	Berks	4,103.864
Fleetwood Area	Berks	2,596.467
Governor Mifflin	Berks	4,117.684
Hamburg Area	Berks	2,262.158
Kutztown Area	Berks	1,386.507
Muhlenberg	Berks	3,711.289
Oley Valley	Berks	1,710.623
Reading	Berks	18,348.321
Schuylkill Valley	Berks	2,056.836
Tulpehocken Area	Berks	1,443.060
Twin Valley	Berks	3,482.299
Wilson	Berks	6,094.084
Wyomissing Area	Berks	1,972.717
Altoona Area	Blair	7,945.222
Bellwood-Antis	Blair	1,259.768
Claysburg-Kimmel	Blair	868.376
Hollidaysburg Area	Blair	3,478.045
Spring Cove	Blair	1,924.551
Tyrone Area	Blair	1,843.364
Williamsburg Community	Blair	498.690
Athens Area	Bradford	2,137.213
Canton Area	Bradford	918.203
Northeast Bradford	Bradford	848.393
Sayre Area	Bradford	1,044.373
Towanda Area	Bradford	1,601.334
Troy Area	Bradford	1,475.684
Wyalusing Area	Bradford	1,327.541
Bensalem Township	Bucks	7,617.353
Bristol Borough	Bucks	1,386.956
Bristol Township	Bucks	7,231.682
Centennial	Bucks	5,628.597
Central Bucks	Bucks	18,865.059
Council Rock	Bucks	11,055.984
Morrisville Borough	Bucks	974.351
Neshaminy	Bucks	9,075.304
New Hope-Solebury	Bucks	1,486.988
Palisades	Bucks	1,677.440
Pennridge	Bucks	7,492.588
Pennsbury	Bucks	11,084.770
Quakertown Community	Bucks	5,450.622
Butler Area	Butler	7,125.740

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Karns City Area	Butler	1,551.824
Mars Area	Butler	3,334.161
Moniteau	Butler	1,363.661
Seneca Valley	Butler	7,334.514
Slippery Rock Area	Butler	2,179.760
South Butler County	Butler	2,495.522
Blacklick Valley	Cambria	680.671
Cambria Heights	Cambria	1,419.304
Central Cambria	Cambria	1,701.504
Conemaugh Valley	Cambria	802.648
Ferndale Area	Cambria	708.439
Forest Hills	Cambria	1,918.179
Greater Johnstown	Cambria	3,107.702
Northern Cambria	Cambria	1,077.136
Penn Cambria	Cambria	1,682.434
Portage Area	Cambria	931.806
Richland	Cambria	1,609.255
Westmont Hilltop	Cambria	1,488.765
Cameron County	Cameron	604.246
Jim Thorpe Area	Carbon	2,173.043
Lehighton Area	Carbon	2,511.591
Palmerton Area	Carbon	1,949.518
Panther Valley	Carbon	1,789.153
Weatherly Area	Carbon	649.921
Bald Eagle Area	Centre	1,709.011
Bellefonte Area	Centre	2,809.010
Penns Valley Area	Centre	1,515.571
State College Area	Centre	7,169.392
Avon Grove	Chester	5,830.022
Coatesville Area	Chester	8,799.733
Downingtown Area	Chester	13,143.514
Great Valley	Chester	4,089.528
Kennett Consolidated	Chester	4,424.135
Octorara Area	Chester	2,616.615
Owen J Roberts	Chester	5,502.256
Oxford Area	Chester	4,360.514
Phoenixville Area	Chester	4,152.888
Tredyffrin-Easttown	Chester	6,705.826
Unionville-Chadds Ford	Chester	4,061.289
West Chester Area	Chester	12,289.415
Allegheny-Clarion Valley	Clarion	711.957
Clarion Area	Clarion	778.767

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Clarion-Limestone Area	Clarion	934.299
Keystone	Clarion	1,082.606
North Clarion County	Clarion	585.647
Redbank Valley	Clarion	1,146.902
Union	Clarion	593.616
Clearfield Area	Clearfield	2,352.070
Curwensville Area	Clearfield	1,034.728
Dubois Area	Clearfield	3,875.112
Glendale	Clearfield	815.069
Harmony Area	Clearfield	309.258
Moshannon Valley	Clearfield	913.037
Philipsburg-Osceola Area	Clearfield	1,802.896
West Branch Area	Clearfield	1,079.963
Keystone Central	Clinton	4,459.296
Benton Area	Columbia	722.591
Berwick Area	Columbia	3,093.365
Bloomsburg Area	Columbia	1,698.218
Central Columbia	Columbia	1,897.532
Millville Area	Columbia	740.946
Southern Columbia Area	Columbia	1,472.567
Conneaut	Crawford	2,178.040
Crawford Central	Crawford	3,879.604
Penncrest	Crawford	3,051.668
Big Spring	Cumberland	2,671.713
Camp Hill	Cumberland	1,323.097
Carlisle Area	Cumberland	5,143.897
Cumberland Valley	Cumberland	8,714.583
East Pennsboro Area	Cumberland	2,802.252
Mechanicsburg Area	Cumberland	3,958.343
Shippensburg Area	Cumberland	3,440.675
South Middleton	Cumberland	2,165.731
Central Dauphin	Dauphin	12,158.084
Derry Township	Dauphin	3,482.894
Halifax Area	Dauphin	1,075.536
Harrisburg City	Dauphin	7,518.958
Lower Dauphin	Dauphin	3,819.180
Middletown Area	Dauphin	2,458.363
Millersburg Area	Dauphin	848.737
Steelton-Highspire	Dauphin	1,481.923
Susquehanna Township	Dauphin	2,863.662
Upper Dauphin Area	Dauphin	1,258.019
Chester-Upland	Delaware	7,065.684

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Chichester	Delaware	3,440.545
Garnet Valley	Delaware	4,812.133
Haverford Township	Delaware	5,965.632
Interboro	Delaware	3,444.873
Marple Newtown	Delaware	3,325.897
Penn-Delco	Delaware	3,473.247
Radnor Township	Delaware	3,761.864
Ridley	Delaware	5,579.891
Rose Tree Media	Delaware	3,855.361
Southeast Delco	Delaware	4,525.262
Springfield	Delaware	4,060.366
Upper Darby	Delaware	12,984.446
Wallingford-Swarthmore	Delaware	3,581.598
William Penn	Delaware	5,635.777
Johnsonburg Area	Elk	592.988
Ridgway Area	Elk	845.847
Saint Marys Area	Elk	2,102.410
Corry Area	Erie	2,093.096
Erie City	Erie	13,697.668
Fairview	Erie	1,623.228
Fort LeBoeuf	Erie	2,207.862
General McLane	Erie	2,175.355
Girard	Erie	1,810.163
Harbor Creek	Erie	2,183.466
Iroquois	Erie	1,224.485
Millcreek Township	Erie	6,845.639
North East	Erie	1,687.225
Northwestern	Erie	1,432.663
Union City Area	Erie	1,173.502
Wattsburg Area	Erie	1,390.059
Albert Gallatin Area	Fayette	3,503.507
Brownsville Area	Fayette	1,736.361
Connellsville Area	Fayette	4,707.592
Frazier	Fayette	1,236.766
Laurel Highlands	Fayette	3,046.131
Uniontown Area	Fayette	2,898.555
Forest Area	Forest	486.211
Chambersburg Area	Franklin	9,515.524
Fannett-Metal	Franklin	509.541
Greencastle-Antrim	Franklin	3,080.479
Tuscarora	Franklin	2,546.793
Waynesboro Area	Franklin	4,600.028

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Central Fulton	Fulton	1,013.382
Forbes Road	Fulton	367.113
Southern Fulton	Fulton	761.041
Carmichaels Area	Greene	1,121.111
Central Greene	Greene	1,860.745
Jefferson-Morgan	Greene	809.934
Southeastern Greene	Greene	625.495
West Greene	Greene	692.994
Huntingdon Area	Huntingdon	2,078.557
Juniata Valley	Huntingdon	746.868
Mount Union Area	Huntingdon	1,516.747
Southern Huntingdon County	Huntingdon	1,233.245
Blairsville-Saltsburg	Indiana	1,618.547
Homer-Center	Indiana	879.669
Indiana Area	Indiana	2,816.220
Marion Center Area	Indiana	1,358.350
Penns Manor Area	Indiana	884.045
Purchase Line	Indiana	926.001
United	Indiana	1,122.359
Brockway Area	Jefferson	1,043.775
Brookville Area	Jefferson	1,579.719
Punxsutawney Area	Jefferson	2,322.728
Juniata County	Juniata	2,983.534
Abington Heights	Lackawanna	3,371.407
Carbondale Area	Lackawanna	1,788.631
Dunmore	Lackawanna	1,572.859
Lakeland	Lackawanna	1,552.987
Mid Valley	Lackawanna	1,827.412
North Pocono	Lackawanna	3,054.156
Old Forge	Lackawanna	982.135
Riverside	Lackawanna	1,566.058
Scranton	Lackawanna	10,381.874
Valley View	Lackawanna	2,491.039
Cocalico	Lancaster	3,147.032
Columbia Borough	Lancaster	1,458.796
Conestoga Valley	Lancaster	4,442.181
Donegal	Lancaster	3,135.963
Eastern Lancaster County	Lancaster	3,157.595
Elizabethtown Area	Lancaster	3,972.763
Ephrata Area	Lancaster	4,228.942
Hempfield	Lancaster	6,952.884
Lampeter-Strasburg	Lancaster	3,056.721

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Lancaster	Lancaster	11,404.863
Manheim Central	Lancaster	2,975.412
Manheim Township	Lancaster	5,833.235
Penn Manor	Lancaster	5,351.417
Pequea Valley	Lancaster	1,635.223
Solanco	Lancaster	3,650.686
Warwick	Lancaster	4,210.193
Ellwood City Area	Lawrence	1,746.478
Laurel	Lawrence	1,231.047
Mohawk Area	Lawrence	1,497.907
Neshannock Township	Lawrence	1,266.420
New Castle Area	Lawrence	3,379.851
Shenango Area	Lawrence	1,198.752
Union Area	Lawrence	820.245
Wilmington Area	Lawrence	1,182.394
Annville-Cleona	Lebanon	1,523.564
Cornwall-Lebanon	Lebanon	4,802.701
Eastern Lebanon County	Lebanon	2,463.847
Lebanon	Lebanon	5,003.236
Northern Lebanon	Lebanon	2,375.944
Palmyra Area	Lebanon	3,606.160
Allentown City	Lehigh	19,682.939
Catasauqua Area	Lehigh	1,607.305
East Penn	Lehigh	8,463.005
Northern Lehigh	Lehigh	1,666.636
Northwestern Lehigh	Lehigh	2,275.992
Parkland	Lehigh	9,453.411
Salisbury Township	Lehigh	1,676.277
Southern Lehigh	Lehigh	3,228.357
Whitehall-Coplay	Lehigh	4,536.143
Crestwood	Luzerne	2,915.883
Dallas	Luzerne	2,749.684
Greater Nanticoke Area	Luzerne	2,367.717
Hanover Area	Luzerne	2,151.145
Hazleton Area	Luzerne	11,184.647
Lake-Lehman	Luzerne	1,932.347
Northwest Area	Luzerne	1,113.518
Pittston Area	Luzerne	3,371.311
Wilkes-Barre Area	Luzerne	7,503.349
Wyoming Area	Luzerne	2,359.123
Wyoming Valley West	Luzerne	5,128.524
East Lycoming	Lycoming	1,613.809

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Jersey Shore Area	Lycoming	2,591.653
Loyalsock Township	Lycoming	1,517.617
Montgomery Area	Lycoming	887.769
Montoursville Area	Lycoming	2,023.067
Muncy	Lycoming	1,072.590
South Williamsport Area	Lycoming	1,305.197
Williamsport Area	Lycoming	5,081.387
Bradford Area	McKean	2,588.874
Kane Area	McKean	1,182.287
Otto-Eldred	McKean	695.585
Port Allegany	McKean	892.452
Smethport Area	McKean	832.320
Commodore Perry	Mercer	504.142
Farrell Area	Mercer	768.095
Greenville Area	Mercer	1,341.542
Grove City Area	Mercer	2,067.733
Hermitage	Mercer	2,107.733
Jamestown Area	Mercer	511.801
Lakeview	Mercer	1,129.053
Mercer Area	Mercer	1,151.360
Reynolds	Mercer	1,097.752
Sharon City	Mercer	2,211.293
Sharpsville Area	Mercer	1,267.444
West Middlesex Area	Mercer	941.998
Mifflin County	Mifflin	5,179.011
East Stroudsburg Area	Monroe	7,241.572
Pleasant Valley	Monroe	4,940.278
Pocono Mountain	Monroe	9,672.259
Stroudsburg Area	Monroe	5,111.434
Abington	Montgomery	7,871.385
Bryn Athyn	Montgomery	1.777
Cheltenham	Montgomery	4,642.886
Colonial	Montgomery	4,859.515
Hatboro-Horsham	Montgomery	4,819.657
Jenkintown	Montgomery	669.551
Lower Merion	Montgomery	8,412.186
Lower Moreland Township	Montgomery	2,213.478
Methacton	Montgomery	4,965.167
Norristown Area	Montgomery	7,808.040
North Penn	Montgomery	12,943.219
Perkiomen Valley	Montgomery	5,769.043
Pottsgrove	Montgomery	3,409.490

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Pottstown	Montgomery	3,324.144
Souderton Area	Montgomery	6,820.084
Springfield Township	Montgomery	2,370.196
Spring-Ford Area	Montgomery	8,092.330
Upper Dublin	Montgomery	4,193.383
Upper Merion Area	Montgomery	3,976.131
Upper Moreland Township	Montgomery	3,137.029
Upper Perkiomen	Montgomery	3,389.483
Wissahickon	Montgomery	4,495.749
Danville Area	Montour	2,402.280
Bangor Area	Northampton	3,102.009
Bethlehem Area	Northampton	15,746.397
Easton Area	Northampton	9,153.280
Nazareth Area	Northampton	4,778.251
Northampton Area	Northampton	5,783.502
Pen Argyl Area	Northampton	1,700.423
Saucon Valley	Northampton	2,298.443
Wilson Area	Northampton	2,279.679
Line Mountain	Northumberland	1,250.612
Milton Area	Northumberland	2,117.416
Mount Carmel Area	Northumberland	1,521.441
Shamokin Area	Northumberland	2,398.344
Shikellamy	Northumberland	2,937.174
Warrior Run	Northumberland	1,545.492
Greenwood	Perry	799.074
Newport	Perry	1,088.901
Susquenita	Perry	1,843.512
West Perry	Perry	2,554.986
Philadelphia City	Philadelphia	204,059.939
Delaware Valley	Pike	4,740.584
Wallenpaupack Area	Pike	3,167.794
Austin Area	Potter	164.967
Coudersport Area	Potter	807.770
Galeton Area	Potter	356.541
Northern Potter	Potter	564.139
Oswayo Valley	Potter	430.225
Blue Mountain	Schuylkill	2,752.696
Mahanoy Area	Schuylkill	1,080.323
Minersville Area	Schuylkill	1,295.798
North Schuylkill	Schuylkill	1,979.264
Pine Grove Area	Schuylkill	1,647.381
Pottsville Area	Schuylkill	2,725.015

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Saint Clair Area	Schuylkill	761.444
Schuylkill Haven Area	Schuylkill	1,256.247
Shenandoah Valley	Schuylkill	1,114.881
Tamaqua Area	Schuylkill	2,184.065
Tri-Valley	Schuylkill	917.564
Williams Valley	Schuylkill	1,068.470
Midd-West	Snyder	2,197.634
Selinsgrove Area	Snyder	2,724.340
Berlin Brothersvalley	Somerset	777.134
Conemaugh Township Area	Somerset	1,013.093
Meyerale Area	Somerset	883.645
North Star	Somerset	1,181.721
Rockwood Area	Somerset	738.175
Salisbury-Elk Lick	Somerset	271.395
Shade-Central City	Somerset	468.222
Shanksville-Stonycreek	Somerset	330.792
Somerset Area	Somerset	2,209.555
Turkeyfoot Valley Area	Somerset	378.926
Windber Area	Somerset	1,185.026
Sullivan County	Sullivan	654.729
Blue Ridge	Susquehanna	1,065.304
Elk Lake	Susquehanna	1,213.898
Forest City Regional	Susquehanna	751.515
Montrose Area	Susquehanna	1,455.402
Mountain View	Susquehanna	1,017.336
Susquehanna Community	Susquehanna	815.149
Northern Tioga	Tioga	2,089.625
Southern Tioga	Tioga	1,861.836
Wellsboro Area	Tioga	1,542.624
Lewisburg Area	Union	1,957.499
Mifflinburg Area	Union	2,099.471
Cranberry Area	Venango	1,210.113
Franklin Area	Venango	1,966.113
Oil City Area	Venango	2,130.214
Titusville Area	Venango	2,024.553
Valley Grove	Venango	914.672
Warren County	Warren	4,728.564
Avella Area	Washington	568.776
Bentworth	Washington	1,123.478
Bethlehem-Center	Washington	1,297.889
Burgettstown Area	Washington	1,235.599
California Area	Washington	936.048

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
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1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
Canon-McMillan	Washington	5,255.521
Charleroi	Washington	1,628.815
Chartiers-Houston	Washington	1,124.633
Fort Cherry	Washington	1,066.241
McGuffey	Washington	1,755.532
Peters Township	Washington	4,206.368
Ringgold	Washington	3,032.170
Trinity Area	Washington	3,313.301
Washington	Washington	1,564.887
Wayne Highlands	Wayne	2,660.443
Western Wayne	Wayne	1,991.982
Belle Vernon Area	Westmoreland	2,545.466
Burrell	Westmoreland	1,798.439
Derry Area	Westmoreland	2,142.585
Franklin Regional	Westmoreland	3,500.042
Greater Latrobe	Westmoreland	4,065.017
Greensburg Salem	Westmoreland	2,986.771
Hempfield Area	Westmoreland	5,958.336
Jeannette City	Westmoreland	1,095.784
Kiski Area	Westmoreland	3,881.815
Ligonier Valley	Westmoreland	1,688.063
Monessen City	Westmoreland	863.659
Mount Pleasant Area	Westmoreland	2,181.899
New Kensington-Arnold	Westmoreland	2,199.094
Norwin	Westmoreland	5,312.996
Penn-Trafford	Westmoreland	4,000.816
Southmoreland	Westmoreland	1,928.864
Yough	Westmoreland	2,163.049
Lackawanna Trail	Wyoming	1,084.540
Tunkhannock Area	Wyoming	2,511.456
Central York	York	5,976.359
Dallastown Area	York	6,432.589
Dover Area	York	3,796.793
Eastern York	York	2,659.624
Hanover Public	York	1,921.453
Northeastern York	York	4,016.163
Northern York County	York	3,271.668
Red Lion Area	York	5,625.486
South Eastern	York	2,823.310
South Western	York	4,251.322
Southern York County	York	3,164.181
Spring Grove Area	York	4,003.381

Pennsylvania School District
Average Daily Membership (ADM)

<500 (very small)
500-1,000 (small)
1,001-3,000 (medium
3,001-10,000 (large)
10,001 (very large)

School District	County	2015-16 Average Daily Membership
West Shore	York	8,029.034
West York Area	York	3,304.900
York City	York	8,031.417
York Suburban	York	3,120.837
		Total 1,723,515.636

Source: Pennsylvania Department of Education (PDE). Analysis by Joint State Government Commission (JSGC). http://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Summary-Level.aspx#.VZvrX2XD-Uk

AFR Data: Summary-Level Expenditure Data for School Districts, Career and Technology Centers, and Charter Schools accessed May 22, 2017.

APPENDIX C

Pennsylvania School District Academic Achievement
(Case Studies)

Aliquippa & Hopewell
Student Performance on State Testing

School District	Subject	Year	Tested	Below Basic	Basic	Prof-icient	Adv-anced	Proficient & Above	State Avg. Proficient & Above
Aliquippa	English	2012	572	26%	24%	36%	14%	50%	72%
		2013	581	33%	28%	27%	12%	39%	70%
		2014	586	34%	27%	27%	12%	39%	69%
		2015	602	24%	47%	27%	2%	29%	62%
		2016	579	24%	47%	27%	3%	29%	62%
	Math	2012	573	20%	18%	34%	29%	63%	76%
		2013	581	23%	26%	33%	18%	51%	73%
		2014	586	29%	27%	27%	17%	45%	71%
		2015	599	49%	35%	14%	2%	15%	43%
		2016	577	55%	30%	13%	3%	15%	46%
	Science	2012	215	47%	24%	20%	10%	29%	62%
		2013	228	48%	20%	26%	6%	32%	61%
		2014	NA	44%	29%	23%	4%	27%	64%
		2015	257	50%	24%	22%	4.0%	26%	65%
		2016	229	44%	26%	22%	8%	30%	66%
Hopewell	English	2012	1198	9%	15%	41%	35%	76%	72%
		2013	1,158	10%	16%	46%	29%	75%	70%
		2014	1,128	10%	16%	44%	29%	73%	70%
		2015	1,143	6%	29%	53%	12%	64%	62%
		2016	1,068	5%	29%	51%	15%	66%	62%
	Math	2012	1,206	9%	12%	30%	49%	80%	76%
		2013	1,159	8%	14%	33%	44%	78%	73%
		2014	1,122	9%	15%	33%	43%	76%	72%
		2015	1,145	20%	33%	34%	12%	46%	43%
		2016	1,070	20%	27%	35%	18%	54%	46%
	Science	2012	591	10%	24%	36%	30%	66%	62%
		2013	335	8%	23%	38%	31%	70%	61%
		2014	NA	11%	19%	39%	31%	69%	64%
		2015	509	9%	20%	45%	26%	71%	65%
		2016	492	10%	17%	43%	31%	73%	66%

Aliquippa & Hopewell Historically Underperforming Student Performance								
School	**Subject**	**Year**	**tested**	**below basic**	**basic**	**proficient**	**advanced**	**Proficient or Above**
Aliquippa	English	2015	578	25%	48%	27%	11%	28%
		2016	569	24%	48%	26%	3%	29%
	Math	2015	575	50%	35%	14%	2%	15%
		2016	567	56%	30%	12%	2%	14%
	Science	2015	246	50%	24%	21%	4%	25%
		2016	223	45%	27%	21%	8%	29%
Hopewell	English	2015	449	13%	41%	41%	5%	47%
		2016	436	12%	44%	40%	5%	45%
	Math	2015	449	34%	36%	25%	5%	30%
		2016	435	34%	30%	28%	8%	36%
	Science	2015	181	19%	26%	40%	15%	55%
		2016	185	22%	20%	39%	19%	58%

Aliquippa & Hopewell 4 Year Graduation Rate					
School District	**Year**	**Total Grads**	**Total Cohort**	**District Grad Rate**	**State Grad Rate**
Aliquippa	2010-11	81	90	90%	83%
	2011-12	71	86	83%	84%
	2012-13	71	82	87%	86%
	2013-14	60	79	76%	85%
	2014-15	57	69	83%	85%
	2015-16	76	91	84%	86%
Hopewell	2010-11	218	231	94%	83%
	2011-12	198	213	93%	84%
	2012-13	194	203	96%	86%
	2013-14	187	199	94%	85%
	2014-15	168	179	94%	85%
	2015-16	191	198	96%	86%

Aliquippa & Hopewell Attendance Rate			
Year	**Aliquippa**	**Hopewell**	**State**
2011-12	93%	95%	94%
2012-13	93%	94%	94%
2013-14	92.68%	94.58%	94.12%
2014-15	92.18%	94.49%	94.06%

Aliquippa & Hopewell School Performance Profile Scores			
District	**2013**	**2014**	**2016**
Aliquippa	53.2	49.9	48.0
Hopewell	80.2	81.5	71.5
State Avg.	77.6	77.2	70.3

Leechburg & Kiski Area Student Performance on State Testing									
School	**Subject**	**Year**	**tested**	**below basic**	**basic**	**Prof-icient**	**Adv-anced**	**Prof-icient & Above**	**State Avg. Prof-icient & Above**
Kiski	English	2012	2,092	6%	10%	35%	49%	84%	72%
		2013	2,026	6%	11%	39%	44%	83%	70%
		2014	1,957	7%	12%	39%	42%	81%	70%
		2015	1,990	4%	21%	54%	20%	59%	62%
		2016	1,936	4%	22%	53%	21%	73%	62%
	Math	2012	2,092	5%	11%	29%	55%	84%	76%
		2013	2,028	4%	10%	31%	55%	85%	73%
		2014	1,961	5%	11%	31%	52%	83%	72%
		2015	1,993	16%	31%	37%	16%	54%	43%
		2016	1,933	18%	31%	33%	18%	51%	46%
	Science	2012	888	5%	23%	37%	35%	72%	62%
		2013	872	7%	15%	41%	38%	79%	61%
		2014	NA	7%	15%	47%	32%	79%	64%
		2015	900	7%	14%	44%	35%	79%	65%
		2016	836	9%	19%	39%	33%	72%	66%
Leechburg	English	2012	444	12%	18%	44%	26%	69%	72%
		2013	420	14%	15%	44%	27%	71%	70%
		2014	426	14%	17%	43%	26%	69%	70%
		2015	417	9%	36%	47%	8%	55%	62%
		2016	414	9%	31%	48%	11%	59%	62%
	Math	2012	443	12%	17%	33%	38%	71%	76%
		2013	419	10%	16%	37%	36%	74%	73%
		2014	429	14%	17%	32%	37%	69%	72%
		2015	414	26%	36%	31%	8%	39%	43%
		2016	416	26%	30%	34%	10%	44%	46%
	Science	2012	182	8%	24%	42%	26%	68%	62%
		2013	154	12%	27%	35%	26%	61%	61%
		2014	NA	19%	25%	33%	23%	56%	64%
		2015	187	14%	21%	36%	28%	65%	65%
		2016	191	15%	21%	41%	23%	64%	66%

Leechburg & Kiski Area 4 Year Graduate Rate				
School District	**Year**	**Total Grads**	**Total Cohort**	**Total Grad Rate**
Kiski	2011	310	355	87%
	2012	292	321	91%
	2013	306	338	91%
	2014	283	320	88%
	2015	258	285	91%
	2016	291	326	89%
Leechburg	2011	56	57	98%
	2012	48	70	69%
	2013	42	48	88%
	2014	43	49	88%
	2015	43	47	91%
	2016	60	65	92%

Leechburg & Kiski Area Historically Underperforming Students								
School	**Subject**	**Year**	**Tested**	**below basic**	**Ba-sic**	**Prof-icient**	**Adv-anced**	**Proficient & Above**
Kiski	English	2015	922	9%	33%	48%	11%	32%
		2016	901	9%	35%	44%	12%	56%
	Math	2015	927	27%	36%	29%	8%	37%
		2016	896	31%	35%	26%	9%	35%
	Science	2015	387	15%	23%	44%	19%	63%
		2016	371	18%	24%	36%	22%	58%
Leechburg	English	2015	217	16%	42%	39%	4%	43%
		2016	238	16%	36%	41%	8%	48%
	Math	2015	214	38%	32%	23%	7%	30%
		2016	239	38%	31%	24%	8%	31%
	Science	2015	90	23%	21%	34%	21%	56%
		2016	112	20%	24%	38%	18%	56%

Leechburg & Kiski Area School Performance Profile Scores			
District	**2013**	**2014**	**2016**
Leechburg	78.7	73.4	67.2
Kiski	86.0	79.4	68.5
State Avg.	77.6	77.2	70.3

Leechburg & Kiski Area Attendance Rate			
Year	**Leechburg**	**Kiski**	**State**
2010-11	98%	95%	94%
2011-12	97%	95%	94%
2012-13	97%	95%	94%
2013-14	94.63%	95.18%	94.12%
2014-15	96.74%	95.29%	94.06%

Beaver Area & Midland Borough Student Performance on State Testing									
School District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Prof-icient**	**Adv-anced**	**Proficient & Above**	**State Proficient & Above**
Beaver Area	English	2012	1,030	7%	10%	33%	51%	84%	72%
		2013	1,051	6%	10%	43%	41%	84%	70%
		2014	1,020	8%	13%	38%	42%	79%	70%
		2015	1,059	4%	23%	54%	19%	73%	62%
		2016	1,056	3%	18%	53%	26%	79%	62%
	Math	2012	1,028	5%	7%	26%	62%	89%	76%
		2013	977	5%	9%	30%	57%	86%	73%
		2014	1,008	6%	10%	29%	55%	84%	72%
		2015	1,059	15%	29%	35%	21%	56%	43%
		2016	1,060	13%	25%	36%	27%	63%	46%
	Science	2012	437	6%	18%	41%	35%	76%	62%
		2013	428	3%	18%	44%	35%	79%	61%
		2014	NA	7%	20%	40%	33%	73%	64%
		2015	461	7%	14%	37%	42%	79%	65%
		2016	446	6%	11%	39%	44%	83%	66%

Beaver Area & Midland Borough Student Performance on State Testing									
School District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Prof-icient**	**Adv-anced**	**Proficient & Above**	**State Proficient & Above**
Midland Borough	English	2012	213	9%	17%	41%	33%	74%	72%
		2013	192	15%	17%	40%	29%	68%	70%
		2014	167	13%	17%	46%	25%	71%	70%
		2015	155	6%	30%	51%	14%	65%	62%
		2016	151	6%	30%	48%	15%	63%	62%
	Math	2012	213	6%	16%	32%	46%	78%	76%
		2013	192	14%	15%	42%	29%	71%	73%
		2014	167	19%	16%	31%	34%	65%	72%
		2015	155	32%	36%	28%	5%	32%	43%
		2016	151	32%	33%	25%	10%	35%	46%
	Science	2012	66	3%	20%	41%	36%	77%	62%
		2013	469	14%	24%	40%	22%	62%	61%
		2014	NA	19%	27%	34%	20%	54%	64%
		2015	47	12%	14%	42%	33%	74%	65%
		2016	42	15%	25%	45%	15%	60%	66%

Beaver Area & Midland Borough School Performance Profile Scores			
District	**2013**	**2014**	**2016**
Beaver Area	87	79	87
Midland Borough	70	73	61
State Avg.	77.6	77.2	70.3

Beaver Area Graduation Rate				
School District	**Year**	**Total Grads**	**Total Cohort**	**Total Grad Rate**
Beaver Area	2011	148	156	95%
Beaver Area	2012	158	165	96%
Beaver Area	2013	173	180	96%
Beaver Area	2014	153	160	96%
Beaver Area	2015	139	143	97%
Beaver Area	2016	172	178	97%
*Midland Graduation Rate suppressed by PDE due to small cohort size				

Beaver Area & Midland Borough Historically Underperforming Student Performance								
District	**Year**	**Subject**	**Tested**	**Below Basic**	**Basic**	**Prof-icient**	**Advanced**	**Proficient & Above**
Beaver Area	English	2015	276	13%	39%	41%	7%	48%
		2016	270	12%	35%	43%	10%	53%
	Math	2015	274	37%	28%	26%	9%	35%
		2016	273	33%	26%	29%	12%	41%
	Science	2015	113	20%	22%	38%	20%	58%
		2016	100	19%	19%	38%	24%	62%
Midland Borough	English	2015	112	8%	38%	44%	10%	54%
		2016	115	7%	37%	42%	14%	56%
	Math	2015	112	39%	34%	24%	3%	27%
		2016	115	37%	35%	19%	9%	28%
	Science	2015	31	15%	11%	48%	26%	74%
		2016	31	17%	28%	45%	10%	55%

Beaver Area & Midland Borough Attendance Rate			
Year	**Beaver Area**	**Midland Borough**	**State**
2011-12	97%	95%	94%
2012-13	96%	94%	94%
2013-14	96.46%	93.82%	94.12%
2014-15	96.11%	92.49%	94.06%

Blairsville-Saltsburg Student Performance on State Testing								
Subject	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**	**State Proficient & Above**
English	2012	936	12.0%	15%	39%	34%	73%	72%
	2013	848	12.0%	16%	40%	31%	71%	70%
	2014	824	13.0%	15%	42%	30%	72%	70%
	2015	816	11.6%	28%	48%	13%	60%	61%
	2016	815	10.2%	27%	47%	16%	63%	62%
Math	2012	938	9.0%	11%	26%	53%	80%	76%
	2013	849	8.0%	14%	30%	47%	78%	73%
	2014	829	9.0%	11%	33%	46%	80%	72%
	2015	816	18.4%	28%	39%	15%	54%	43%
	2016	818	20.3	23%	34%	23%	57%	46%
Science	2012	395	14.4%	26%	36%	24%	60%	73%
	2013	387	15.1%	29%	38%	18%	56%	61%
	2014	NA	13.4%	18%	42%	26%	69%	64%
	2015	365	14.2%	21%	42%	23%	65%	65%
	2016	335	9.9%	23%	40%	27%	67%	66%

Blairsville-Saltsburg Historically Underperforming Students							
Subject	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient and Above**
English	2015	435	19%	36%	40%	6%	46%
	2016	433	18%	35%	39%	9%	48%
Math	2015	434	29%	34%	28%	9%	37%
	2016	435	33%	25%	29%	13%	42%
Science	2015	199	22%	24%	36%	18%	54%
	2016	178	15%	29%	38%	17%	55%

Blairsville-Saltsburg 4 Year Graduation Cohort			
2011-12	146	158	92%
2012-13	143	157	91%
2013-14	127	143	89%
2014-15	130	143	91%
2015-16	126	137	92%

Blairsville-Saltsburg School Performance Profile Scores			
District	**2013**	**2014**	**2016**
Blairsville Schools	76.6	80.0	73.6
Saltsburg Schools	73.0	73.0	74.4
Blairsville-Saltsburg	75.2	77.2	73.9
State Avg.	77.6	77.2	70.3

Blairsville-Saltsburg Attendance Rate		
Year	**Blairsville-Saltsburg**	**State**
2010-11	94%	94%
2011-12	94%	94%
2012-13	94%	94%
2013-14	93.57%	94.12%
2014-15	93.74%	94.06%

Columbia Borough & Eastern Lancaster County Student Performance on State Testing									
School District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**	**State Proficient & Above**
Columbia	English	2012	719	22%	23%	35%	20%	55%	72%
		2013	737	25%	23%	36%	16%	52%	70%
		2014	697	26%	20%	37%	18%	54%	70%
		2015	762	17%	40%	38%	6%	43%	62%
		2016	692	16%	39%	39%	6%	45%	62%
	Math	2012	720	14%	20%	36%	30%	66%	76%
		2013	739	17%	27%	31%	25%	56%	73%
		2014	700	23%	21%	31%	25%	56%	72%
		2015	766	40%	35%	21%	5%	26%	43%
		2016	699	43%	33%	18%	6%	24%	46%
	Science	2012	252	19%	31%	36%	15%	51%	62%
		2013	271	34%	24%	25%	17%	42%	61%
		2014	NA	32%	21%	34%	13%	47%	64%
		2015	298	23%	23%	38%	17%	54%	65%
		2016	299	29%	22%	37%	12%	49%	66%
Eastern Lancaster County	English	2012	1,711	10%	15%	35%	39%	74%	72%
		2013	1,662	10%	17%	39%	34%	73%	70%
		2014	1,617	11%	15%	40%	34%	74%	70%
		2015	1,667	8%	26%	47%	20%	67%	62%
		2016	1,626	7%	25%	48%	20%	68%	62%
	Math	2012	1,713	6%	15%	31%	48%	79%	76%
		2013	1,664	8%	13%	33%	45%	78%	73%
		2014	1,617	9%	14%	29%	48%	77%	72%
		2015	1,666	20%	30%	31%	19%	50%	43%
		2016	1,625	20%	26%	33%	21%	54%	46%
	Science	2012	685	8%	24%	35%	33%	68%	62%
		2013	711	12%	17%	42%	29%	71%	61%
		2014	NA	12%	16%	35%	37%	70%	64%
		2015	711	13%	14%	35%	38%	73%	65%
		2016	666	10%	15%	36%	39%	75%	66%

Columbia Borough & Eastern Lancaster County 4 Year Graduation Rate				
School District	**Year**	**Total Grads**	**Total Cohort**	**Total Grad Rate**
Columbia Borough SD	2011	70	96	73%
	2012	77	102	75%
	2013	56	88	64%
	2014	81	108	75%
	2015	63	98	64%
	2016	59	90	66%
Eastern Lancaster SD	2011	239	259	92%
	2012	270	287	94%
	2013	249	272	92%
	2014	239	260	92%
	2015	206	225	92%
	2016	228	241	95%

Columbia Borough & Eastern Lancaster County Historically Underperforming Students								
District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Prof icient**	**Adv anced**	**Prof icient & Above**
Columbia Borough	English	2015	605	20%	43%	33%	4%	37%
		2016	432	21%	43%	34%	3%	36%
	Math	2015	608	45%	34%	18%	3%	21%
		2016	437	49%	32%	15%	5%	19%
	Science	2015	228	27%	25%	37%	12%	49%
		2016	154	34%	21%	37%	9%	46%
Eastern Lancaster	English	2015	725	15%	36%	39%	11%	50%
		2016	733	14%	34%	41%	11%	52%
	Math	2015	724	34%	34%	22%	10%	32%
		2016	736	32%	30%	26%	12%	38%
	Science	2015	300	24%	17%	33%	26%	59%
		2016	274	20%	20%	36%	24%	61%

Columbia Borough & Eastern Lancaster County School Performance Profile Scores			
District	**2013**	**2014**	**2016**
Eastern Lancaster	82.2	84.4	75.8
Columbia Borough	64.3	69.4	59.4
State Avg.	77.6	77.2	70.3

Columbia Borough & Eastern Lancaster County Attendance Rate			
Year	**Columbia Borough**	**Eastern Lancaster County**	**State**
2010-11	93%	96%	94%
2011-12	94%	96%	94%
2012-13	94%	96%	94%
2013-14	93.94%	95.66%	94.12%
2014-15	93.90%	95.49%	94.06%

Duquesne City Student Performance on State Testing								
Subject	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**	**State Proficient & Above**
English	2012	247	52%	26%	19%	3%	21%	72%
	2013	179	55%	21%	22%	2%	24%	70%
	2014	190	55%	26%	18%	2%	19%	70%
	2015	205	43%	35%	22%	1%	22%	61%
	2016	183	45%	39%	16%	1%	16%	62%
Math	2012	247	50%	23%	21%	7%	27%	76%
	2013	178	54%	26%	15%	5%	20%	73%
	2014	189	48%	32%	15%	5%	20%	72%
	2015	203	57%	31%	11%	1%	12%	43%
	2016	183	67%	24%	8%	1%	9%	46%
Science	2012	105	61%	28%	11%	0%	11%	73%
	2013	32	50%	19%	25%	6%	31%	61%
	2014	NA	48%	28%	21%	4%	24%	64%
	2015	73	48%	32%	20%	0%	20%	65%
	2016	48	57%	12%	17%	14%	31%	66%

Duquesne City Historically Underperforming Students							
Subject	**Year**	**tested**	**below basic**	**basic**	**proficient**	**advanced**	**Proficient & Above**
English	2015	180	44%	34%	21%	1%	21%
	2016	168	47%	39%	15%	0%	15%
Math	2015	179	58%	31%	11%	1%	11%
	2016	167	69%	25%	5%	1%	7%
Science	2015	62	49%	31%	20%	0%	20%
	2016	45	59%	12%	17%	12%	29%

Duquesne City School Performance Profile Scores			
SPP Scores	**2013**	**2014**	**2016**
Duquesne City	49.3	51.8	48.0
State Avg.	77.6	77.2	70.3
*No HS, no Grade Rate			

Duquesne City Attendance Rate		
Year	**Duquesne City**	**State**
2011-12	88%	94%
2012-13	87%	94%
2013-14	89.19%	94.12%
2014-15	90.79%	94.06%

Central Valley Student Performance on State Testing								
Subject	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**	**State Proficient & Above**
Math	2010	1,245	10%	13%	34%	44%	77%	76%
	2011	1,267	10%	13%	35%	42%	77%	77%
	2012	1,216	9%	11%	31%	50%	80%	76%
	2013	1,255	9%	12%	31%	48%	79%	73%
	2014	1,284	8%	12%	30%	50%	80%	72%
	2015	1,285	19%	30%	36%	15%	50%	43%
	2016	1,283	19%	27%	35%	19%	54%	46%

Central Valley
Student Performance on State Testing

Subject	Year	Tested	Below Basic	Basic	Proficient	Advanced	Proficient & Above	State Proficient & Above
Reading	2010	1,278	9%	12%	41%	38%	79%	72%
	2011	1,257	10%	12%	40%	39%	78%	74%
	2012	1,218	8%	12%	39%	41%	79%	72%
	2013	1,240	9%	14%	41%	36%	77%	70%
	2014	1,286	9%	12%	41%	38%	78%	70%
	2015	1,285	4%	23%	54%	18%	78%	61%
	2016	1,282	6%	23%	50%	22%	72%	62%
Science	2010	584	11%	26%	32%	31%	63%	59%
	2011	537	12%	27%	32%	29%	61%	61%
	2012	557	13%	25%	33%	30%	63%	73%
	2013	NA	16%	17%	37%	30%	67%	61%
	2014	NA	17%	16%	38%	29%	67%	64%
	2015	543	11%	17%	40%	32%	72%	65%
	2016	526	11%	16%	39%	34%	73%	66%

Center Area Pre-Merge

Subject	Year	Tested	Below Basic	Basic	Proficient	Advanced	Proficient & above
Math	2006	1,028	5.9%	10.7%	32.6%	50.8%	83.4%
	2007	1,013	7.7%	9.3%	34.9%	48.1%	83.0%
	2008	991	7.2%	9.7%	31.5%	51.7%	83.2%
	2009	953	6.5%	12.2%	30.3%	51.0%	81.3%
Reading	2006	1,028	9.0%	12.4%	37.5%	41.2%	78.7%
	2007	1,011	8.0%	11.0%	37.7%	43.3%	81.0%
	2008	991	8.5%	9.3%	38.6%	43.6%	82.2%
	2009	953	7.5%	9.1%	36.6%	46.8%	83.4%
Writing	2006	456	1.1%	22.1%	70.3%	6.6%	76.9%
	2007	450	1.8%	24.9%	69.3%	4.0%	73.3%
	2008	448	1.6%	25.2%	69.2%	4.0%	73.2%
	2009	432	0.7%	17.5%	71.6%	10.2%	81.8%
Science	2008	463	7.6%	30.0%	38.0%	24.4%	62.4%
	2009	405	7.3%	23.8%	32.9%	36.0%	68.9%
Writing * Combined with Reading in 2013							

Monaca Pre-Merge							
Subject	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**
Math	2006	386	16.6%	21.8%	32.6%	29.1%	61.7%
	2007	369	12.2%	20.6%	39.0%	28.2%	67.2%
	2008	384	9.2%	16.1%	39.1%	35.6%	74.7%
	2009	289	13.1%	12.8%	41.5%	32.5%	74.0%
Reading	2006	385	19.3%	25.1%	37.0%	18.7%	55.7%
	2007	368	13.0%	20.9%	43.2%	22.8%	66.0%
	2008	349	11.7%	14.0%	45.8%	28.4%	74.2%
	2009	289	11.8%	19.0%	42.6%	26.6%	69.2%
Writing	2006	167	2.6%	34.0%	58.6%	4.8%	63.4%
	2007	176	0.6%	25.6%	72.2%	1.7%	73.3%
	2008	169	0.6%	14.2%	79.9%	5.3%	85.2%
	2009	113	0.0%	20.6%	76.8%	2.7%	79.5%
Science	2015	165	13.9%	30.9%	38.8%	16.4%	55.2%
	2016	131	12.2%	31.3%	32.1%	24.4%	56.5%

Central Valley School Performance Profile Scores			
District	2013	2014	2016
Central Valley	75.4	79.0	78.3
State Avg.	77.6	77.2	70.3

Central Valley Attendance Rate		
Year	**Central Valley**	**State**
2011-12	93%	94%
2012-13	95%	94%
2013-14	95.94%	94.12%
2014-15	95.64%	94.06%

Central Valley 4 Year Grade Rate				
Year	**Total Grads**	**Total Cohort**	**District Grad Rate**	**State Grad Rate**
2010-11	216	238	93%	83%
2011-12	183	191	96%	84%
2012-13	167	185	90%	86%
2013-14	164	184	89%	85%
2014-15	167	200	84%	85%
2015-16	157	202	78%	86%

Steelton-Highspire, Central Dauphin, & Middletown Student Performance on State Testing									
School District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**	**State Proficient & Above**
Central Dauphin	English	2012	5542	14%	16%	36%	35%	71%	72%
		2013	5,592	13%	17%	40%	30%	71%	70%
		2014	5,602	14%	16%	39%	30%	70%	70%
		2015	6,143	9%	29%	46%	15%	62%	62%
		2016	6,229	9%	29%	47%	15%	62%	62%
	Math	2012	5548	12%	13%	28%	47%	75%	76%
		2013	5,587	11%	15%	31%	43%	74%	73%
		2014	5,604	12%	14%	30%	44%	73%	72%
		2015	6,179	24%	32%	31%	13%	44%	43%
		2016	6,264	27%	29%	30%	14%	44%	46%
	Science	2012	2391	15%	26%	38%	22%	59%	62%
		2013	2,301	18%	25%	37%	19%	57%	61%
		2014	NA	19%	22%	37%	22%	59%	64%
		2015	2,652	20%	20%	36%	24%	61%	65%
		2016	2,629	18%	19%	37%	27%	63%	66%
Middletown	English	2012	1,137	13%	18%	39%	30%	69%	72%
		2013	1,160	11%	19%	42%	28%	70%	70%
		2014	1,179	14%	18%	40%	27%	68%	70%
		2015	1,274	10%	34%	46%	10%	56%	62%
		2016	1,247	9%	29%	50%	12%	62%	62%
	Math	2012	1,142	9%	14%	32%	46%	77%	76%
		2013	1,162	7%	18%	34%	40%	74%	73%
		2014	1,180	10%	17%	31%	42%	72%	72%
		2015	1,275	25%	35%	30%	10%	40%	43%
		2016	1,251	22%	29%	34%	15%	49%	46%

Steelton-Highspire, Central Dauphin, & Middletown Student Performance on State Testing									
School District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**	**State Proficient & Above**
	Science	2012	520	15%	29%	33%	23%	56%	62%
		2013	469	14%	24%	40%	22%	62%	61%
		2014	NA	15%	20%	41%	24%	65%	64%
		2015	552	20%	19%	39%	22%	61%	65%
		2016	545	14%	17%	36%	33%	69%	66%
Steelton Highspire	English	2012	617	32%	23%	31%	11%	42%	72%
		2013	637	38%	26%	28%	7%	36%	70%
		2014	625	39%	23%	28%	11%	38%	70%
		2015	716	33%	48%	18%	1%	19%	62%
		2016	718	35%	43%	21%	1%	21%	62%
	Math	2012	619	26%	24%	31%	19%	50%	76%
		2013	643	36%	25%	30%	9%	39%	73%
		2014	629	36%	27%	21%	15%	37%	72%
		2015	730	61%	27%	11%	1%	12%	43%
		2016	714	65%	22%	11%	2%	13%	46%
	Science	2012	239	39%	26%	26%	10%	36%	62%
		2013	254	54%	23%	17%	6%	23%	61%
		2014	NA	48%	19%	26%	7%	33%	64%
		2015	293	51%	25%	21%	3%	24%	65%
		2016	278	56%	22%	17%	6%	22%	66%

Steelton-Highspire, Central Dauphin, &Middletown Historically Underperforming Students								
School District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**
Steelton Highspire	English	2015	508	37%	47%	15%	0%	16%
		2016	605	37%	44%	19%	0%	19%
	Math	2015	515	65%	25%	9%	1%	10%
		2016	602	68%	21%	10%	2%	11%
	Science	2015	207	53%	25%	19%	3%	23%
		2016	223	60%	21%	16%	4%	20%
Middletown	English	2015	710	16%	42%	35%	7%	42%
		2016	713	14%	38%	42%	7%	49%
	Math	2015	710	36%	35%	23%	6%	29%
		2016	717	34%	30%	27%	9%	36%
	Science	2015	290	30%	21%	33%	16%	49%
		2016	298	22%	23%	34%	22%	55%

Steelton-Highspire, Central Dauphin, &Middletown Historically Underperforming Students								
School District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**
Central Dauphin	English	2015	3,015	40%	35%	20%	5%	25%
		2016	3,159	44%	30%	20%	6%	26%
	Math	2015	2,981	18%	41%	35%	6%	41%
		2016	3,126	17%	41%	37%	6%	42%
	Science	2015	1,245	32%	25%	30%	13%	43%
		2016	1,278	30%	24%	33%	13%	46%

Steelton-Highspire / Central Dauphin / Middletown 4 Year Graduation Rate					
School District	**Year**	**Total Grads**	**Total Cohort**	**Total Grad Rate**	**State avg**
Central Dauphin	2011	782	863	91%	83%
	2012	710	790	90%	84%
	2013	708	795	89%	86%
	2014	653	733	89%	85%
	2015	609	715	85%	85%
	2016	675	767	88%	86%
Middletown	2011	162	182	89%	83%
	2012	144	157	92%	84%
	2013	138	160	86%	86%
	2014	151	169	89%	85%
	2015	122	136	90%	85%
	2016	151	167	90%	86%
Steelton Highspire	2011	80	84	95%	83%
	2012	76	82	93%	84%
	2013	54	62	87%	86%
	2014	77	86	90%	85%
	2015	60	75	80%	85%
	2016	72	88	82%	86%

Steelton-Highspire / Central Dauphin / Middletown Attendance Rate				
Year	**Steelton-Highspire**	**Central Dauphin**	**Middletown**	**State**
2011-12	91%	95%	94%	94%
2012-13	91%	95%	94%	94%
2013-14	90.61%	95.13%	94.54%	94.12%
2014-15	87.59%	94.98%	94.61%	94.06%

Steelton-Highspire / Central Dauphin / Middletown School Performance Profile Scores			
District	**2013**	**2014**	**2016**
Steelton-Highspire	49.7	56.3	40.9
Central Dauphin	78.0	76.4	64.2
Middletown	74.9	70.5	73.5
State Avg.	77.6	77.2	70.3

Pottsville & Saint Clair Student Performance on State Testing									
School District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**	**State Proficient & Above**
Pottsville	English	2012	1479	13%	16%	36%	35%	71%	72%
		2013	1456	14%	17%	40%	29%	69%	70%
		2014	1439	14%	16%	40%	30%	70%	70%
		2015	1429	9%	32%	49%	11%	60%	62%
		2016	1409	10%	31%	47%	12%	59%	62%
	Math	2012	1480	10%	13%	31%	45%	76%	76%
		2013	1456	10%	18%	32%	40%	72%	73%
		2014	1442	13%	15%	34%	38%	72%	72%
		2015	1434	27%	32%	32%	9%	41%	43%
		2016	1411	30%	30%	29%	12%	41%	46%
	Science	2012	632	14%	26%	34%	26%	60%	62%
		2013	593	19%	27%	31%	22%	53%	61%
		2014	NA	13%	17%	47%	24%	70%	64%
		2015	622	16%	22%	42%	20%	62%	65%
		2016	632	17%	20%	38%	24%	62%	66%

Pottsville & Saint Clair Student Performance on State Testing									
School District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**	**State Proficient & Above**
Saint Clair	English	2012	389	18%	20%	39%	23%	62%	72%
		2013	205	23%	22%	39%	16%	55%	70%
		2014	391	21%	18%	37%	24%	61%	70%
		2015	403	16%	39%	37%	9%	46%	62%
		2016	377	13%	40%	37%	11%	48%	62%
	Math	2012	389	16%	20%	29%	34%	63%	76%
		2013	361	14%	18%	34%	35%	68%	73%
		2014	391	16%	19%	29%	37%	65%	72%
		2015	403	44%	34%	18%	4%	21%	43%
		2016	376	43%	29%	22%	6%	29%	46%
	Science	2012	122	16%	24%	41%	20%	61%	62%
		2013	121	13%	20%	42%	25%	67%	61%
		2014	NA	12%	23%	40%	25%	65%	64%
		2015	122	19%	23%	37%	21%	59%	65%
		2016	123	20%	23%	41%	17%	57%	66%

Pottsville 4 Year Grade Rate				
Year	**Total Grads**	**Total Cohort**	**District Grad Rate**	**State Grad Rate**
2010-11	243	291	84%	83%
2011-12	260	293	89%	84%
2012-13	217	247	88%	86%
2013-14	228	270	84%	85%
2014-15	238	268	89%	85%
2015-16	203	236	86%	86%
Saint Clair Grad rate not available, no high school				

Pottsville & Saint Clair Historically Underperforming Students								
School	**Subject**	**Year**	**tested**	**below basic**	**basic**	**proficient**	**advanced**	**Proficient & Above**
Pottsville	English	2015	899	14%	41%	41%	5%	46%
		2016	925	15%	37%	41%	7%	48%
	Math	2015	905	37%	34%	24%	4%	29%
		2016	926	39%	31%	24%	6%	30%
	Science	2015	390	24%	26%	37%	13%	50%
		2016	390	24%	24%	36%	16%	52%
Saint Clair	English	2015	252	20%	44%	29%	7%	36%
		2016	242	17%	46%	30%	7%	38%
	Math	2015	252	53%	34%	11%	2%	13%
		2016	242	52%	28%	17%	4%	21%
	Science	2015	75	24%	28%	36%	13%	49%
		2016	85	19%	25%	40%	16%	55%

Saint Clair & Pottsville School Performance Profile Scores			
District	**2013**	**2014**	**2016**
Pottsville	69.9	76.2	64.3
Saint Clair	82.1	67.8	72.9
State Avg.	77.6	77.2	70.3

Saint Clair & Pottsvile Attendance Rate			
Year	**Pottsville**	**Saint Clair**	**State**
2010-11	94%	95%	94%
2011-12	93%	95%	94%
2012-13	93%	94%	94%
2013-14	93.59%	94.18%	94.12%
2014-15	93.32%	94.12%	94.06%

Halifax & Millersburg
Student Performance on State Testing

School District	Subject	Year	Tested	Below Basic	Basic	Proficient	Advanced	Proficient & Above	State Proficient & Above
Halifax	English	2012	612	14%	14%	37%	35%	73%	72%
		2013	556	10%	19%	38%	34%	71%	70%
		2014	566	12%	17%	37%	34%	71%	70%
		2015	568	8%	32%	51%	9%	60%	62%
		2016	539	8%	31%	49%	12%	61%	62%
	Math	2012	614	10%	16%	32%	41%	74%	76%
		2013	559	8%	13%	35%	45%	79%	73%
		2014	568	8%	12%	37%	42%	79%	72%
		2015	564	25%	37%	31%	7%	38%	43%
		2016	542	32%	30%	28%	10%	38%	46%
	Science	2012	257	8%	28%	32%	32%	63%	62%
		2013	211	10%	20%	37%	33%	70%	61%
		2014	NA	6%	19%	52%	23%	75%	64%
		2015	237	10%	18%	41%	31%	72%	65%
		2016	226	11%	14%	39%	36%	75%	66%
Millersburg	English	2012	459	11%	16%	44%	29%	72%	72%
		2013	434	8%	19%	46%	27%	73%	70%
		2014	437	8%	16%	45%	31%	76%	70%
		2015	426	5%	25%	55%	15%	71%	62%
		2016	423	6%	31%	53%	10%	63%	62%
	Math	2012	459	9%	12%	32%	47%	79%	76%
		2013	436	8%	12%	37%	43%	80%	73%
		2014	438	7%	15%	35%	44%	79%	72%
		2015	426	18%	37%	34%	12%	46%	43%
		2016	424	25%	38%	29%	8%	38%	46%
	Science	2012	184	10%	23%	35%	32%	67%	62%
		2013	178	14%	19%	42%	25%	67%	61%
		2014	NA	10%	13%	45%	32%	77%	64%
		2015	194	8%	13%	50%	29%	79%	65%
		2016	167	11%	14%	46%	30%	75%	66%

Halifax & Millersburg Historically Underperforming Students								
School District	**Subject**	**Tested**	**Year**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**
Millersburg	English	192	2015	9%	32%	47%	12%	59%
		216	2016	33%	35%	26%	6%	31%
	Math	194	2015	26%	41%	23%	10%	33%
		215	2016	9%	38%	48%	5%	53%
	Science	77	2015	12%	18%	50%	20%	70%
		80	2016	12%	18%	39%	32%	71%
Halifax	English	578	2015	25%	48%	27%	11%	28%
		569	2016	24%	48%	26%	3%	29%
	Math	575	2015	50%	35%	13%	14%	15%
		567	2016	56%	30%	12%	2%	14%
	Science	246	2015	50%	24%	21%	38%	25%
		223	2016	45%	27%	21%	8%	29%

Halifax & Millersburg 4 Year Graduation Rate					
School District	**Year**	**Total Grads**	**Total Cohort**	**District Grad Rate**	**State Grad Rate**
Halifax	2010-11	89	102	87%	83%
	2011-12	84	97	87%	84%
	2012-13	69	77	90%	86%
	2013-14	63	71	89%	85%
	2014-15	72	81	89%	85%
	2015-16	70	80	88%	86%
Millersburg	2010-11	53	58	91%	83%
	2011-12	61	75	81%	84%
	2012-13	59	67	88%	86%
	2013-14	47	62	76%	85%
	2014-15	63	67	94%	85%
	2015-16	63	66	95%	86%

Halifax & Millersburg School Performance Profile Scores			
District	**2013**	**2014**	**2016**
Halifax	82.2	78.8	67.4
Millersburg	78.0	75.5	64.9
State Avg.	77.6	77.2	70.3

Halifax & Millersburg Attendance Rate			
Year	**Halifax**	**Millersburg**	**State**
2010-11	95%	95%	94%
2011-12	95%	95%	94%
2012-13	94%	95%	94%
2013-14	95.83%	95.37%	94.12%
2014-15	94.76%	94.88%	94.06%

Reading Student Performance on State Testing								
Subject	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**	**State Proficient & Above**
English	2012	7,881	32%	23%	32%	13%	45%	72%
	2013	8,040	36%	26%	29%	9%	38%	70%
	2014	8,185	37%	23%	31%	9%	40%	70%
	2015	8,550	30%	43%	26%	2%	27%	62%
	2016	8,460	30%	43%	25%	2%	27%	62%
Math	2012	7,925	21%	22%	33%	24%	57%	76%
	2013	8,059	28%	25%	31%	15%	47%	73%
	2014	8,205	31%	24%	30%	16%	45%	72%
	2015	8,759	54%	29%	15%	2%	16%	43%
	2016	8,682	60%	25%	13%	2%	15%	46%
Science	2012	2,950	32%	31%	29%	8%	37%	62%
	2013	2,949	45%	25%	24%	7%	30%	61%
	2014	NA	45%	25%	24%	6%	30%	64%
	2015	3,289	44%	23%	28%	6%	34%	65%
	2016	3,216	41%	23%	29%	7%	36%	66%

Reading HU Students							
Subject	**Tested**	**Year**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**
English	8,517	2015	30%	43%	26%	2%	27%
	8,454	2016	30%	43%	25%	2%	27%
Math	8,715	2015	54%	29%	15%	2%	17%
	8,676	2016	60%	25%	13%	2%	15%
Science	3,282	2015	44%	23%	28%	6%	34%
	3,211	2016	41%	23%	29%	7%	36%

Reading 4 Year Graduation Rate				
Year	**Total Grads**	**Total Cohort**	**District Grad Rate**	**State Grad Rate**
2010-11	737	1208	61%	83%
2011-12	716	1178	61%	84%
2012-13	723	1086	67%	86%
2013-14	765	1070	72%	85%
2014-15	642	1036	62%	85%
2015-16	700	1001	70%	86%

Reading Attendance Rate		
Year	**District**	**State**
2011-12	93%	94%
2012-13	93%	94%
2013-14	92.63%	94.12%
2014-15	92.73%	94.06%

Reading School Performance Profile Scores			
District	**2013**	**2014**	**2016**
Reading	54.3	60.8	49.6
State Avg.	77.6	77.2	70.3

Wilkinsburg & Pittsburgh Student Performance on State Testing									
School District	**Subject**	**Year**	**Tested**	**below basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**	**State Proficient & Above**
Pittsburgh	English	2012	12,979	22%	23%	32%	23%	55%	72%
		2013	12,264	25%	22%	33%	19%	53%	70%
		2014	11,800	26%	20%	33%	21%	54%	70%
		2015	12,062	18%	36%	37%	9%	46%	62%
		2016	11,597	18%	37%	35%	10%	45%	62%
	Math	2012	13,078	19%	23%	29%	29%	59%	76%
		2013	12,311	22%	21%	31%	26%	57%	73%
		2014	11,830	21%	20%	29%	30%	59%	72%
		2015	12,191	39%	32%	22%	7%	29%	43%
		2016	11,712	42%	27%	21%	10%	31%	46%
	Science	2012	4,857	27%	29%	30%	15%	44%	62%
		2013	NA	14%	35%	50%	1%	51%	61%
		2014	NA	41%	22%	26%	11%	37%	64%
		2015	5,148	33%	25%	29%	13%	42%	65%
		2016	4,912	34%	23%	28%	15%	43%	66%
Wilkinsburg	English	2012	634	39%	27%	26%	8%	34%	72%
		2013	521	45%	26%	24%	5%	29%	70%
		2014	441	45%	28%	23%	4%	27%	70%
		2015	436	30%	47%	21%	2%	23%	62%
		2016	335	25%	52%	21%	1%	23%	62%
	Math	2012	634	28%	24%	31%	16%	48%	76%
		2013	520	34%	27%	27%	12%	38%	73%
		2014	447	37%	28%	24%	11%	35%	72%
		2015	433	59%	29%	11%	1%	12%	43%
		2016	324	60%	28%	9%	3%	12%	46%
	Science	2012	205	42%	27%	24%	7%	31%	62%
		2013	174	58%	20%	19%	3%	22%	61%
		2014	NA	63%	19%	16%	1%	18%	64%
		2015	164	55%	15%	24%	6%	30%	65%
		2016	109	47%	26%	21%	7%	28%	66%

Wilkinsburg & Pittsburgh Historically Underperforming Students								
School District	**Subject**	**Year**	**Tested**	**Below Basic**	**Basic**	**Proficient**	**Advanced**	**Proficient & Above**
Pittsburgh	English	2015	9,374	22%	40%	33%	5%	38%
		2016	8,609	22%	41%	32%	6%	37%
	Math	2015	9,494	45%	33%	18%	4%	22%
		2016	8,706	49%	28%	18%	5%	23%
	Science	2015	3,911	39%	26%	27%	8%	34%
		2016	3,616	41%	25%	25%	9%	34%
Wilkinsburg	English	2015	367	31%	47%	20%	2%	22%
		2016	296	27%	52%	20%	1%	21%
	Math	2015	364	61%	26%	11%	90%	12%
		2016	285	63%	27%	8%	3%	10%
	Science	2015	133	53%	17%	24%	6%	31%
		2016	98	49%	24%	20%	7%	27%

Wilkinsburg & Pittsburgh School Performance Profile Scores			
District	**2013**	**2014**	**2016**
Wilkinsburg	48.1	53.0	44.2
Pittsburgh	64.8	64.9	64.3
State Avg.	77.6	77.2	70.3

Wilkinsburg & Pittsburgh Attendance Rate			
Year	**Wilkinsburg**	**Pittsburgh**	**State**
2010-11	89%	91%	94%
2011-12	91%	92%	94%
2012-13	89%	91%	94%
2013-14	88.66%	91.92%	94.12%
2014-15	88.04%	91.88%	94.06%

APPENDIX D

Pennsylvania School District
Consolidation Checklist (PSBA/PEL)

Prepared for the Pennsylvania School Boards Association
by the Pennsylvania Economy League, Inc.

SCHOOL DISTRICT CONSOLIDATION CHECKLIST
PENNSYLVANIA SCHOOL BOARDS ASSOCIATION
November 2008

The changing demographics and economics of Pennsylvania are energizing discussions among school districts that span from sharing services to physical consolidation. Some discussions are driven by circumstance—such as a declining tax base or decreasing enrollments, others by a desire on the part of communities to maintain or expand strong academic and student support programs.

The time to consider options is before external events force the issue. This allows school districts the time to do a thorough self-evaluation and to examine their options with a maximum of local control. That is the purpose of this checklist: to help school districts *think through* their opportunities and options.

School districts have three primary options to consider: *functional* consolidation (existing districts sharing resources), mergers (one school district becomes part of another school district), or *physical* consolidation (two or more school districts become a new single entity). In each case, the consideration process is similar with three major steps:

- Deliberation,
- Identifying potential school district partners, and
- Finding allies.

The basic structure of the following checklist is divided into these three steps. Most activities can be simultaneously considered, and though there is a general order to the process, most activities will have overlap. A brief overview of each step follows.

Deliberation

Each school district should begin their considerations using the following five areas of self study:

- Analyze the district's current environment
- Generate predictive data (usually five years)
- Perform a academic self assessment
- Anticipate significant events or changes
- Identify advantageous shared resource opportunities for the school district.

Identifying Potential Partners

Finding potential partners will, most likely, begin with contiguous or nearby school districts. Building upon the self-assessment performed under the first step, find matches that can provide maximum mutual benefits for sharing resources. Look for additional pluses such as a shared sense of community, history of shared services, complementary academic strengths, and varied programs/facilities that can be

extended to all students in a consolidated district. Combining the best of existing districts can produce an even stronger school system.

Begin with the three foremost challenges when identifying partners:

- Can millage and other tax rates be standardized across communities?
- How soon and how easily can a combined collective bargaining agreement be negotiated and accepted?
- Are existing debt levels approximately the same with similar timeframes to retire debt?

Other information can be obtained from internet searches and public databases. Statewide organizations, including the School Boards Association and the Pennsylvania Department of Education, can provide for your review:

- District policies and procedures
- General operations and staff levels
- List of course offerings
- Grade configurations
- Facility capacity and use
- Enrollment patterns
- Achievement measures
- Planning documents and summaries
- Demographics of communities in the school district.

Finding Allies

The final step is to **ally** with one or more school districts for further study. Approach other districts strictly limiting discussion between administrations. Proceed by sharing information, and then combine the most recent financial, academic and staffing data into one consolidated school district. This clearly represents how a consolidated school district would have performed if it functioned during the preceding year. The "paper" consolidation may be developed in-house or by a research organization. The topics are:

- Academic programs
- Student services
- District governance
- Staffing levels and bargaining agreements
- Operations and facilities
- Finances/tax base
- Community involvement.

Determining Your Options

The final goal of using this checklist is to understand the viable options available to a school district or for a group of school districts. Generally, consolidation or sharing resources are built upon three pillars:

- Expanded student opportunities
- Cost savings or future cost avoidance
- Support of the community.

First and foremost is supporting/sustaining academic programs and student support. If the existing academic program is diminished or impaired, the responsible options should not be deemed viable. V*iable* options are based upon:

- Research, valid assumptions, predictions, and experience of current administrators and teachers
- A high probability of implementation
- Flexibility so that efforts can be adapted or tweaked as needed
- Avoidance of "winners" or "losers" in the consolidation or resource sharing process.

Board members need to know the impact of consolidation upon students, instruction, district governance, finances, and the community. Consolidation is not without risk, pitfalls, and controversy. It requires additional effort from administrators and teachers to ensure its success, and a commitment from the general community to support the goals of consolidation. Hence, options that cannot earn professional, community or taxpayer support may not be viable. Support of stakeholders will be dependent upon:

- Expanded student opportunities
- Potential long-term savings related to building renovation and shared construction
- Lower administrative costs
- Keeping the best of existing district instructional programs and teacher expertise
- Motivation to plan the district's own destiny
- Finding lower costs and higher efficiencies.

Checklist Overview

The following checklist directs school districts and communities through data collection and analysis. It serves to provide information for ongoing discussions and provides a common reference point to guide those discussions. Please note that all data requirements set by the Pennsylvania Department of Education to date have been included in this checklist.

1.0 Deliberation	**2.0 Identifying Potential Consolidation Partners**	**Ally With Districts: 3.0 Academic Programs**
1.1 Describe Current School District Environment	2.1 District Policies and Procedures	3.1 General Overview
1.2 Generate Predictive Data	2.2 General Operations and Staff Levels	3.2 Curriculum Development
1.3 Perform an Academic Self Assessment	2.3 List of Course Offerings	3.3 Programs by Grade Level
1.4 Anticipate Significant Events or Changes	2.4 Grade Configurations	3.4 Special Education
1.5 Identify Advantageous Shared Resource Opportunities	2.5 Facility Capacity and Use	3.5 Cross-District Schools
	2.6 Enrollment Patterns	
	2.7 Achievement Measures	
	2.8 Demographic Characteristics and a Common Sense of Community	

Ally With Districts: 4.0 Student Services	**Ally With Districts: 5.0 District Governance**	**Ally With Districts: 6.0 Staffing Patterns and Bargaining Agreements**
4.1 Student Activities	5.1 Administration	6.1 Existing Staffing
4.2 Social Activities	5.2 Strategic Planning and Curriculum Development	6.2 Collective Bargaining Agreements
4.3 Athletic Programs		
4.4 Extracurricular and Community Programs	5.3 Education Partners	
	5.4 Special Circumstances	
Ally With Districts: 7.0 Operations and Facilities	**Ally With Districts: 8.0 Finances/Tax Base**	**Ally With Districts: 9.0 Community Involvement**
7.1 Facility Assessment	8.1 District Revenues	9.1 Identify Stakeholders
7.2 Facility Cost Estimates	8.2 Equalizing the Tax Base	9.2 Setting Expectations
7.3 Transportation Analysis	8.3 Examining Expenditures	9.3 Role of the Community
7.4 Merging Services and District Operations		9.4 Communications Plan

1.0 Deliberation

1.1 Current Environment Each district begins with a thorough understanding of its existing circumstances, its predicted situation, and its current strengths and weaknesses. This information serves as a benchmark for comparison with other school districts and provides a baseline to measure change/outcomes over time.

- 1.1.1 Analyze enrollment stability and patterns by:
- Grade distribution
- Distribution by socio-economic status, race, gender and categories of exceptionality
- Characterization of affected student population in regard to program of studies, curricular racks or academic achievement
- Number of nonpublic students
- Access to community colleges, postsecondary or adult education programs
- Number of students enrolled in approved vocational programs in the school district and the regional Vocational/Technical School.
- 1.1.2 Review staffing patterns by academic discipline and by support services
- Graph staffing by type, by grade and by building
- Identify all the human resource categories and collective bargaining agreements
- 1.1.4 Review type, location and purpose of all facilities
- 1.1.5 Financial strength—Estimate the following for the next three to five school years:
- Anticipated revenues
- Estimated expenditures
- Expected gaps between revenue and expenditures
- 1.1.6 Community Characteristics—If possible, the following should be predicted for the next three to five years:
- Low income pupils (AFDC)

□ Population
□ Square miles
□ Pending building permits
□ Population demographics (aging, household income, type of housing, etc.).
□ 1.1.7 Student Achievement—Review the districts academic standing using normative information, including measures such as SAT, NCLB, PSSA, etc.

1.2 Generate Predictive Data by determining:
- □ Enrollment projections for at least the next five years
- □ Community demographics (population growth, shift, birthrates, building permits, etc.)

□ Projected budget requirements
□ Expected changes to community characteristics, including economic conditions
□ Future tax capacity and effort

1.2 Perform an Academic Self Assessment, including recognition of the district's:
□ Most important academic goals and objectives
□ Strongest programs
□ Goals for the smallest class sizes possible
□ Ability to expand upon existing successful academic programs
□ Competitive needs, such as adding new programs or an internal charter school
□ Most valuable student support and extracurricular activities
□ Commitment to community support and programs
□ Plan for defining educational programs for the future

1.4 Anticipate Significant Events or Changes by
□ Reviewing recent board actions and personnel changes
□ Contacting statewide organizations to discuss possible changes in program mandates legislation, funding formulas, interest rates, need for additional debt service, etc.
□ Analyzing facility space and configuration needed in future years
□ Determining significant changes in instructional patterns, use of technology, curriculum materials, etc.
□ Parental and community demands upon the school system
□ Changes in the district's tax base, economy or ability to generate revenues

1.5 Identify the Most Advantageous Shared Resource Opportunities for your School District, including:
□ Expanding or improving student academics and support services
□ Ways to share or avoid future fixed costs
□ Feasibility of sharing facilities, either existing or new construction
□ Expanding the tax base and stability of revenues
□ Re-adjusting enrollment size for greater efficiency and effectiveness

2.0 Identifying Potential Consolidation Partners

Identification of potential partners may occur through the assessment process that follows, or through school board or school administrator discussions. In most cases, this process will begin among contiguous or nearby districts where transportation and community culture challenges may be minimized. Understanding the following characteristics of other districts is only a start. The detailed study of regional taxes, separate collective bargaining agreements, and existing debt, to name a few, are included in the third step (choosing partners) when actual alliances come under study.

2.1 District Policies and Procedures—Identify school districts with similar:
- □ 2.1.1 Mission, vision and academic philosophy
- □ 2.1.2 Interest in resource sharing or consolidation
- □ 2.1.3 Levels of staffing and community support for resource sharing
- □ 2.1.4 Interests in supporting existing or expanding student opportunities

2.2 General Operations and Staff Levels—Identify school districts where the sharing of possible operations and staff seems particular feasible by analyzing:
- □ 2.2.1 Geographic conditions and opportunities for sharing of student transportation routes
- □ 2.2.2 Student/teacher ratios and availability of student support staff
- □ 2.2.3 General financial stability, tax structures and level of debt
- □ 2.2.4 Similar terms for collective bargaining agreements

2.3 Course Offerings—Always begin serious consolidation discussions with an analysis of academic opportunities, including the possibility to:
- □ 2.3.1 Increase the number and scheduled availability of courses offered
- □ 2.3.2 Take and preserve the strongest programs from each existing district
- □ 2.3.3 Provide programs no district could provide individually
- □ 2.3.4 Better meet district and mandated education goals

2.4 Facility Capacity, Condition and Use—A more detailed study of facilities can follow, but search for school district partners with:
- □ 2.4.1 Building capacity and potential configuration for additional or new uses
- □ 2.4.2 Similar maintenance, condition, age or size of buildings
- □ 2.4.3 A comparable need for new construction or major renovations

2.5 Enrollment Patterns and Goals—School districts should be initially sought with common goals for:
- □ 2.5.1 Grade configurations (middle school vs. junior high school, for instance)
- □ 2.5.2 Maximum total enrollment for new district (perhaps less than 2,500 students)
- □ 2.5.3 Targeted instructional expenditures per student

2.6 Achievement Measures—For each potential school district partner, review the most recent:
- □ 2.6.1 Academic standards, measures and score results
- □ 2.6.2 Scope of secondary programs and graduation requirements

2.7 Demographic Characteristics and a Common Sense of Community—Look for:
- □ 2.7.1 Same goals, academic philosophy
- □ 2.7.2 Similar emphasis and balance between academic, community, and athletic programs

Ally With Other School Districts

In this final collection of tasks information from each school district is listed side by side and directly compared and analyzed. The process begins with academic programs. At the end of these comparisons school districts will clearly understand their differences and similarities which, in turn, identify the challenges and opportunities that lie ahead. From this information school boards can determine the "tipping point" that might lead to further action, how to build upon common strengths, and how to present viable options for each school board.

3.0 Academic Programs

3.1 General Description—Document for each potential or participating school district:
- 3.1.1 Mission statement or vision statement
- 3.1.2 Academic standards, goals and objectives, mandates
- 3.1.3 Class schedules and scheduling/grade report programs
- 3.1.4 Academic planning and periodic review
- 3.1.5 Sequencing and use of standards by grade level

3.2 Curriculum Development—Document the specific effects of consolidation on the following:
- 3.2.1 Course and curricular offerings
- 3.2.2 Support and special services
- 3.2.3 Special needs students
- 3.2.4 Staff utilization
- 3.2.5 Present educational goals and objectives
- 3.2.6 Availability of educational resources
- 3.2.7 Vocational education
- 3.2.8 Gifted and talented programs

3.3 Programs by Grade Level—Compare among the districts the following:
- 3.3.1. Grade configurations by program and facility
- 3.3.2. Elementary programs
- 3.3.3. Middle school programs
- 3.3.4. High school programs
- 3.3.5. Graduation requirements

3.4 Special Education—Document any proposed changes on the following aspects of special education:
- 3.4.1. Total number of special education students (including transfers)
- 3.4.2. District or multi-district operated programs
- 3.4.3. Intermediate Unit operated programs
- 3.4.4. Projected budget of the IU component of the special education program
- 3.4.5. Provision of related and support services
- 3.4.6 Need to change reporting requirements under NCLB if total number of students i increases sufficiently

3.5 Cross-District Schools—Explore the possibility of sharing schools or programs, including:
- 3.5.1 New buildings and programs under the existing school boards
- 3.5.2 Cyber-schools
- 3.5.3 Charter schools within the existing school districts or consolidated district
- 3.5.4 Library and other technology reference services

4.0 Student Services

4.1 Student Activities—Clubs and student activities are an integral part of every high school. For each building or grade level, compare the number and scope of:

- 4.1.1 Student clubs
- 4.1.2 Service organizations
- 4.1.3 School and community volunteer opportunities
- 4.1.4 Student leadership positions
- 4.1.5 Number of instructional and non-instructional staff involved and assigned to student organizations

4.2 Social Activities—Secondary school especially serves as the entrance to adulthood for most students. Compare among each existing school district the type and number of:

- 4.2.1 Extracurricular activities
- 4.2.2 Dances, concerts, musicals, etc.

4.3 Athletics—Especially at the secondary level, consolidation of athletic programs can prove to be the most difficult of all efforts. Varsity programs have histories, rivalries, mascots, school colors, and other traditions that invoke deep community pride and loyalty. However, athletic programs go beyond varsity teams and include:

- 4.3.1 Interscholastic opportunities and potential changes (PIAA, for instance)
- 4.3.2 Student wellness and physical training
- 4.3.3 Intramural activities

5.0 District Administration

The governance structure of each school district should be reviewed, evaluated, and analyzed for impact of a consolidation. Most important is documenting how administrators function as a team to plan and monitor educational programs, allocate resources, assign teachers to programs, support professional development, meet periodically to resolve problems, evaluate professionals, and work with the principals and faculty.

5.1 General Administration—Most school district consolidation studies will emphasize cost savings by combining existing administration offices. To document cost savings, say by moving from two or more superintendents, to one:

- 5.1.1 Describe existing administrative structures
- 5.1.2 Document number, type and cost of administrators using PSBA average salaries
- 5.1.3 Identify overlap or redundancies and calculate cost savings
- 5.1.4 Find opportunities to re-align administrative staff and add needed positions for a larger, consolidated school district (for instance, a curriculum director where none now exists)
- 5.1.5 Combine existing school calendars and class scheduling to a single entity
- 5.1.6 Determine the new governance structure of a consolidated school district, including organizational charts and staff listings

5.2 Strategic Planning and Curriculum Development—Compare:

- 5.2.1 Planning cycle by curriculum subject area
- 5.2.2 Curriculum sequencing by standards and by grade
- 5.2.3 The most recent academic programs and emphases

5.3 Education Partners—Compare existing partnerships, including financial obligations associated with each partnership, for each district with emphasis upon how students or

staffing may be affected:
□ 5.3.1 Vocational/technical school and other partners
□ 5.3.2 Community college or other higher education institutions
□ 5.3.3 Intermediate Unit(s)
□ 5.3.4 Community groups and foundations
□ 5.3.5 Other partnerships

5.4 Special Circumstances
□ 5.4.1 Identify pending legislation, penalties, court orders, etc., that will be of interest to all existing districts (for instance, a desegregation order)

6.0 Staffing Patterns

Faculty and staff provide the primary instructional machine for school districts and are key to successful sharing of resources or consolidation effort. School boards have retained (at least outside of the professional accrediting process) a good deal of autonomy and opportunities for best assigning staff. However, individual collective bargaining agreements and multiple curriculum programs create a challenge to consolidation.

6.1 Existing Staffing—Document instructional and non-instructional staffing patterns for each existing district including:
□ 6.1.1. Assignment of present academic staff by academic unit or building
□ 6.1.2 Professional staffing by configuration of grades
□ 6.1.3 A complete list of supervision and management positions

6.2 Collective Bargaining Agreements—Document commonalities and differences of current collective bargaining agreements by:
□ 6.2.1 Lining up, side by side, each contractual item (health insurance co-pays, tuition reimbursements, etc.) by specific clause
□ 6.2.2 Documenting the differences between agreements, then costing out the result of combining all staff under the most generous agreement clause (include salaries, benefits, pension payouts, vacation/sick time, personal/professional leaves, etc.)
□ 6.2.3 Combining the salary levels and steps and place the combined professional staff into this grid with the highest for each one
□ 6.2.4 Determining the financial impacts upon types of positions, wages and benefits

7.0 Operations and Facilities

School district operations and facilities should provide a safe, learner-centered, comfortable, accessible, and flexible environment for the academic program. This review should provide the information needed to evaluate the adequacy of the existing facilities to accommodate current and proposed instructional programs.

7.1 Building Assessment—For each facility document its:
□ 7.1.1 Location and use
□ 7.1.2 Condition and safety status)
□ 7.1.3 Size and capacity
□ 7.1.4 Grade configurations

□ 7.1.5 Code exceptions, safety or health issues
□ 7.1.6 Need for maintenance or scheduled renovation or replacement

7.2 Shared Use of Facilities—Document the ability to share:
□ 7.2.1 Athletic and practice fields
□ 7.2.2 Maintenance and storage facilities
□ 7.2.3 School district administrative suites
□ 7.2.4 Energy performance reviews
□ 7.2.5 Waste reduction programs led by students and faculty

7.3 Student Transportation—Document existing transportation policy and the software tools for each district used to determine bus routes, then:
□ 7.3.2 Document the combined number of students transported, public and nonpublic
□ 7.3.3 Determine changes needed to minimize time in transit for students in a consolidated district
□ 7.3.4 Identify any potential or expected changes in transportation costs in the near future (regular and special education, vocational, nonpublic, etc.)
□ 7.3.5 Reconcile existing transportation contracts for each district
□ 7.3.6. Estimate changes, if any, in state reimbursement for transportation

7.4 Merging Services and District Operations—Whether consolidating or sharing services, analyze potential savings by sharing:
□ 7.4.1 Food service personnel, supply purchasing, and food preparation
□ 7.4.2 Equipment, vehicles, storage and supplies
□ 7.4.3 Maintenance, storage and service contracting
□ 7.4.4 Capital lease plans vs. purchase of facilities
□ 7.4.5 Contracting of energy sources
□ 7.4.6 Software licenses, networks, and technology support specialists
□ 7.4.7 Wireless technologies across all buildings in existing or consolidated school districts

8.0 Finances/Tax Base

As is true for any merger or consolidation, the parties need knowledge of the current fiscal status of a potential partner. Further, the current status of each district is needed to correctly combine their collective assets and liabilities, and to provide the basis for projected costs and/or savings after consolidation. One way to test the financial effects of consolidation without making difficult predictions or assumptions is to combine the latest year of financial data of the existing districts to determine the resulting revenues, expenditures, and tax burdens if that year had operated as a consolidated school district.

8.1. District Revenues—Estimate the following for each existing school district for the current school year, then combine into one district:
□ 8.1.1 Real property valuation, assessed valuation, property tax rate, and property tax revenues
□ 8.1.2 Per capita taxes
□ 8.1.3 Wage taxes
□ 8.1.4 Applicable Act 511 taxes
□ 8.1.5 Aid ratios
□ 8.1.6 Personal income valuation (certified by the Secretary of Revenue)
□ 8.1.7 Annual interest payments

□ 8.1.8 Annual rental payments
□ 8.1.9 Property Tax Base
□ 8.1.10 Property Tax Revenues
□ 8.1.11 State and Federal Programs
□ 8.1.12 Local/Community Foundations
□ 8.1.13 Potential Changes in State Subsidies

8.2. Equalizing the Financial Base for Communities Within a Consolidated District—The financial officers or a research group can provide analysis of:
□ 8.2.1. Equalized Millage across all involved municipalities
□ 8.2.2 Requirements of the state's Uniformity Law with adjustments across district/county lines
□ 8.2.3 For the most recent fiscal year, for each existing district, then combined for all districts:
□ Assessed valuation
□ Property tax revenues
□ Per capita taxes
□ Act 511 taxes
□ Real property valuation
□ Personal income valuation
□ Number and effect of low income pupils (AFDC)
□ 8.2.4 Projected change in revenue from state sources when districts consolidate
□ School subsidy
□ Aid ratio
□ Special funds
□ Grant funds
□ Other
□ 8.2.5 Projected change in revenue from federal sources when districts consolidate
□ Chapter I
□ Chapter II
□ Vocational education
□ Migrant Education
□ HeadStart
□ Other
□ 8.2.6 Projected change in revenue from local sources when districts consolidate
□ Local and school district foundations
□ Established business partnerships and support
□ Other

8.3 Expenditures—The district's board members or financial officers can best determine the needed level of detail for comparing expenditures by category (such as vocational programs—code 1300 or pupil personnel—code 2100). Generally, expenditures for each existing district and for a consolidated district are prepared. At the very least, and most importantly, this analysis should include the following three items:
□ Instructional expenditures per student
□ Outstanding general obligation bonds and authority rentals, leases, other debt
□ Recalculation of administrative, teacher and staff salaries based a combined salary scale that includes the maximum amount for each level and step

9.0 Community Involvement

Keeping the public informed and involved is essential to a successful school district consolidation effort. From the start, community and parent involvement is sought to contribute ideas, respond to suggestions, and serve as a sounding board.

9.1 Identify Stakeholders

- 9.1.1 List the individuals, organizations and state representatives, if any, to include in
- 9.1.2 Anticipate the contribution, political position, and of each participating person or organization

9.2 Setting Expectations

- 9.2.1. Create a brief report summarizing findings analysis of the shared services/consolidation that includes impacts upon:
- Instruction and academics
- Student services
- District administration
- Community benefits
- Cost savings
- Potential effect on future tax rates
- 9.2.2. Have an early rollout of consolidation benefits, assumptions, and challenges for public dissemination—include project goals and objectives

9.3 Public Role in the Consolidation Process—Individuals can participate in the consolidation study and planning by:

- 9.3.1 Serving on advisory groups
- 9.3.2 Joining focus groups or completing community surveys
- 9.3.3 Attending public hearings
- 9.3.4 Establishing community, corporate, or individual foundations to support a new school District

9.4 Communications Plan

- 9.4.1 Use the school district's existing communication sources (newsletters, letters to parents, web sites) to update the public
- 9.4.2 Use other media to reach those community members who may not have children attending the school districts
- 9.4.3 Include strategies in this plan to anticipate questions, challenges, specific points of view, and the need for more detailed information

Managing the Checklist process

Most districts will begin this checklist process with a work plan. In the short term district boards and administrators might consider the following:

- Setting timelines for completion of checklist tasks
- Anticipating barriers or expected challenges
- Identifying participants in this process from representative groups
- Assigning specific analyses to individuals or groups
- Defining the scope of the project, perhaps in incremental steps as you decide at each step to continue or not continue with research and analysis
- Working with a research organization to prepare the information and analysis
- Adding engineering and architectural activities to the facilities review
- Expanding budget and enrollment projections beyond five years.

A work plan might also include directions for:

- On-going communications with school personnel and the community
- Cost estimates for each part of the study and identification of a source of funds
- Direct assignment of roles and responsibilities (an example follows).

Activity	Person/Group Responsible	Needed Outcome	Due Date
6.1 Comparison of collective bargaining agreements	Financial Officer from each school district	Side by side comparison by contract clause; costing out of additional costs or expected savings of consolidating existing contracts	February 28, 2010

Finally, as the project progresses from the checklist stage, address the immediate and short-term challenges of moving into consolidation discussions, including:

- Public announcements, public meetings and ongoing input
- Schedule of board meeting discussions and requirements under the sunshine laws
- Re-allocation of existing resources to consolidation planning
- Consolidation of curriculum
- Re-structuring administration
- Implementing, if necessary, grade configurations and facility use
- Funding the up-front costs of a school district consolidation.

APPENDIX E

Independent Fiscal Office
Four District Reconfiguration Scenarios

INDEPENDENT FISCAL OFFICE

Second Floor, Rachel Carson State Office Building
400 Market Street
Harrisburg, Pennsylvania 17105

To: Glenn Pasewicz, Executive Director
Joint State Government Commission

From: Matthew Knittel, Director
Independent Fiscal Office

Subject: Work Product for House Resolution 910

Date: June 2, 2017

As discussed by our respective staffs, the attached document contains the Independent Fiscal Office's (IFO) work product related to House Resolution 910. Pursuant to the resolution, the IFO was asked to provide the Joint State Government Commission with data and analysis on four specific scenarios involving school district reconfigurations (i.e., splits and mergers).

Please feel free to contact my office if you have any questions or concerns.

Background and Methodology

The Independent Fiscal Office (IFO) was asked to examine four school district reconfiguration scenarios. For the purpose of this analysis, a reconfiguration could include a merger of two separate districts, a split of one district into two separate districts, the combination of a portion of one district with another district or some combination of the preceding options. The four scenarios presented to the IFO include the following:

1. Option A. Split the Blairsville-Saltsburg School District (BSSD) into two independent districts consisting of Blairsville and Saltsburg.

   Option B. Split the BSSD, leaving Saltsburg as an independent district and moving Blairsville to the Homer-Center School District (HCSD).

2. Move West Leechburg Borough from the Leechburg Area School District (LASD) to the Kiski Area School District (KASD).
3. Split the Steelton-Highspire School District (SHSD), moving Steelton to the Central Dauphin School District (CDSD) and moving Highspire to the Middletown Area School District (MASD).
4. Merge the Aliquippa School District (ASD) and Hopewell Area School District (HASD).

The implications from school district reconfiguration are complicated, and they may not be widely understood. A reconfiguration may raise various transitional, legal, logistical or administrative issues. While the analysis does not address all such issues, it does consider revenue and funding issues that policymakers will confront due to reconfigurations. Material issues are as follows:

- The division and/or combination of district tax bases that have different property and earned income tax rates could result in some taxpayers paying more and others paying less. Dividing and/or combining tax bases also has implications for school districts, as per-student revenues in the new district may be higher or lower than the original district(s).
- The debt incurred by a district will be difficult to apportion to separate parts of the district.
- State funding, primarily basic education funding, is based on a complicated formula. The inputs to that formula will change after school district reconfiguration, and a district could receive more or less state funding as a result.
- School districts employ different salary schedules. If instructional employees change school districts, the receiving school district would likely control the salary schedule. Personnel costs may increase depending on the salaries of the

affected employees and the salary schedule of the receiving district. A new salary schedule would be created for a merged district, and the new schedule is likely to be based on the higher of the two individual schedules.

- Reconfiguring school districts may not reduce administrative costs, and could actually increase costs in some scenarios.

These policy issues are explored further in the five sub-sections contained within each scenario. The text that follows provides a brief description of the five sub-sections.

Tax Revenues

The first sub-section provides an overview of each school district's major local revenue sources, including property tax and earned income tax (EIT) revenues. For FY 2015-16, those two revenue sources comprised an average of 91 percent of total local funding for the nine districts included in the analysis. The analysis uses recent data on school district property values and income levels to estimate the impact of the four scenarios on these major revenue sources and their applicable tax rates. For scenarios in which a municipality changes school districts, the analysis assumes that the municipality adopts the millage and EIT rates of the receiving district.[1] Average Daily Membership (ADM) data from FY 2014-15 are also used to compute per capita student funding for each scenario and district.[2]

The analysis provides revenue collections before and after the proposed reconfiguration. For property taxes, the tabulations include (1) total property tax revenue, (2) property tax revenue per ADM, (3) property tax millage rates and (4) assessed property value. For earned income taxes, the tabulations include (1) total EIT revenue, (2) EIT revenue per ADM, (3) estimated taxable earned income and (4) EIT rates.

Debt and Debt Service

The second sub-section provides an overview of each school district's debt outstanding and debt service before and after reconfiguration. The analysis provides four key metrics including (1) debt service, (2) debt service per ADM, (3) debt outstanding and (4) debt outstanding per ADM. This sub-section also considers three parameters that could be used to apportion debt and debt service within a school district (for scenarios that require a split): (1) earned income, (2) assessed property value and (3) ADMs.

State Funding

The third sub-section considers the impact of the scenarios on basic education funding (BEF) for the various school districts. FY 2016-17 is the second year that the new BEF

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[1] The analysis uses this assumption to illustrate a general outcome. Policymakers may use other assumptions that would produce different outcomes.

[2] Throughout this analysis, the term ADM refers to the adjusted ADM as published by the Pennsylvania Department of Education.

formula is effective. The new formula is applicable only for amounts above what districts received in FY 2014-15 ($5.54 billion). For FY 2016-17, the amount above that base amount ($352 million, 6.0 percent of total BEF) was subject to the new funding formula.

The formula uses a wide variety of factors to drive out incremental basic education dollars. Relevant factors include: number of students, number of students living in households below the federal poverty level (FPL) or in low-income households, number of charter school students and limited English-proficient students, sparsity and overall size of the district, median household income, total district personal income and current market value of taxable properties within each district. More specifically, a school district's prorated share under the BEF formula is based on the product of three school district parameters: (1) the student-weighted ADM, (2) the median household income index and (3) the local effort capacity index. A description of each parameter follows.

Student-Weighted Average Daily Membership (ADM)

In general, the student-weighted ADM is the average number of students in each district, with extra weight given to students who are:

(1) living below the FPL, defined as households earning less than 100 percent of the FPL (added weight of 0.6 per student);

(2) low income, defined as households earning between 100 and 184 percent of the FPL (added weight of 0.3 per student);

(3) living in school districts where more than 30 percent of students live in households earning less than 100 percent of the FPL (added weight of 0.3 per student);

(4) limited English-proficient students (added weight of 0.6 per student); and

(5) living in the district, but attending a charter or cyber charter school (added weight of 0.2 per charter or cyber charter school student).

Additionally, 30 percent of the smallest, most sparsely populated districts had their ADM increased an extra 2 to 163 ADM, depending on their overall ADM per square mile and number of students. Of the nine districts included in this analysis, only two districts (BSSD (32 ADM), HCSD (58 ADM)) received this rural increase.

A school district's student-weighted ADM is a metric used to assess the need for state funding. A higher figure implies more actual students or a higher proportion of students in need of extra support.

Median Household Income Index

The median household income index is calculated by dividing the state median household income ($53,599 for 2015) by the median household income for the district. The index ranges from 0.4520 to 2.7103 for all districts, and from 0.8447 (CDSD) to 1.7374 (ASD) for the nine districts included in this analysis. A value of 1.0000 indicates that the district's median household income is the same as the state's median household

income. A value below 1.0000 indicates a higher median household income in the district compared to the statewide median, while a value above 1.0000 indicates the reverse. The index attempts to measure a district's ability to fund the education of its students.

Local Effort Capacity Index

The Local Effort Capacity Index equals the sum of the local effort index and the local capacity index.

(1) The local effort index is the local effort factor multiplied by the lesser of 1.0 or the excess spending factor. The local effort factor divides a district's local tax-related revenue[3] by its median household income multiplied by the total number of households. The resulting figure is multiplied by 1,000 and divided by the statewide median. The local effort factor ranges from 0.120 to 2.450 for all districts. For the nine districts included in this analysis, values range from 0.810 (KASD) to 1.390 (MASD). A higher value indicates that a greater share of the district's household income is used for school district taxes. The excess spending factor is calculated by dividing 1.0 by a district's current expenditures per student-weighted ADM divided by the statewide median. Values range from 0.4526 to 1.7777 for all districts. For the nine districts included in this analysis, values range from 0.8392 (BSSD) to 1.7445 (SHSD).

(2) If a school district's local capacity per student-weighted ADM is equal to or greater than the statewide median, the local capacity index is zero.[4] Otherwise, the local capacity index is calculated by dividing its local capacity per student-weighted ADM by the statewide median. The local capacity index ranges from 0 to 0.83 for all districts. For the nine districts included in the analysis, values range from 0 (CDSD and HASD) to 0.64 (ASD). A higher value indicates less ability a district has to raise funds from the local level. Districts with low property values and personal income per ADM compared to the statewide median have higher local capacity indexes.

Calculating the New Basic Education Funding (BEF) Across Scenarios

For the four scenarios, the first table in the state funding sub-section lists the most recent data for each item within the new BEF formula by the current school district. Since the new BEF formula currently distributes a small share of total BEF dollars and some of the calculations for the BEF are very complex for the proposed restructured school districts, it is difficult to assess how a merger or splitting of districts could impact

[3] The local tax-related revenue is the sum of the total tax revenue collected by the district, district revenue from other local government units, other district revenues not specified elsewhere and the state property tax reduction allocation.

[4] Local capacity per student-weighted ADM for each school district is calculated by multiplying the sum of its property market value and personal income by the statewide median local effort rate. That result is then divided by the student-weighted ADM. The local effort rate is the local tax-related income divided by the sum of the property market value and personal income.

school districts' BEF in the long term. Therefore, the analysis does not attempt to derive an exact impact on BEF, but rather notes areas within the formula that could increase or decrease the long-term state funding available to districts within each scenario. A second table in the sub-section displays relevant data for actual or estimated ADM, percentage of children age 6 to 17 living below the FPL or in low-income households, the total number of households and the median household income for current and proposed districts.

Other State Funds

In addition to the BEF, there are other state funds that are driven out by various school district factors. These items include the state share of school district pension costs and the Ready to Learn Block Grant. Because the BEF is so much larger than these line items, this analysis does not attempt to estimate these other items. However, it is likely that they would also be impacted by school district reconfiguration.

Salary Comparison/Standardization

The fourth sub-section discusses teacher union contracts for the districts in each scenario. Teacher salaries are negotiated between districts and the teachers' union. If there is a merger of two districts or parts of districts, a new teacher contract would be necessary to reconcile the two salary schedules. It is difficult to assess how the negotiations would conclude because outcomes would depend on local labor market conditions. The analysis does not attempt to quantify the cost (or savings) that may result from new labor contracts. Rather, the two salary schedules relevant for each merger are compared and differences are noted in the text. In certain cases, the text includes computations to quantify the general order of magnitude of any difference.

If districts merged, fringe benefits offered to district employees would also need to be reconciled. This memo does not address those benefits.

Administrative Costs

The final sub-section considers the impact on administrative costs if certain school districts merged or split. The analysis focuses on district-level administrative expenses and staff, which include superintendents, assistant superintendents, program supervisors or coordinators, and operations staff. Because it is not clear (or less likely) that district-level changes would impact individual school buildings, the analysis excludes any changes and associated costs in staffing (e.g., building principals) or administration at individual school buildings.

In order to assess how administrative costs could change under the four scenarios, the analysis derives a statewide ranking matrix. The 500 Pennsylvania school districts were ranked from lowest to highest based on the FY 2014–15 ADM. The schools were then separated into 10 groups of 50 schools each and assigned a decile with 1 containing the smallest districts and 10 containing the largest districts. Using the FY 2015-16 Annual

Financial Report (AFR) data, administrative expenses (AFR function codes 2300, 2110 and 2500, excludes 2380) were computed on a per ADM basis. The number of full-time administrators per 1,000 ADM was calculated based on the FY 2015-16 Professional Personnel Individual Staff Report for Administrative/Supervisory and Coordinator staff. The table below displays the range of ADMs for each decile as well as the administrative spending and staff per ADM for each decile. The statewide comparison reveals that larger school districts have lower administrative costs and administrative staff per ADM due to economies of scale.

Statewide Administrative Comparison

	Average Daily Membership			Administrative	Admin/Coordinators
Decile	Median	Minimum	Maximum	Spending Per ADM	per 1,000 ADM
1	659	10	816	$1,013	15.0
2	966	821	1,123	778	13.8
3	1,255	1,123	1,422	747	12.7
4	1,581	1,439	1,732	630	12.6
5	1,919	1,752	2,140	609	12.1
6	2,322	2,142	2,674	570	11.4
7	3,008	2,700	3,333	563	12.2
8	3,872	3,344	4,263	568	11.9
9	5,012	4,270	6,056	501	11.6
10	8,145	6,071	203,401	456	9.1
State	**2,141**	**10**	**203,401**	**539**	**10.9**

Source: Pennsylvania Department of Education (PDE). Calculations by the IFO.

Scenario #1: Blairsville-Saltsburg and Homer-Center School Districts

The Blairsville-Saltsburg School District (BSSD) includes students from seven municipalities (Black Lick Township, Blairsville Borough, Burrell Township, Conemaugh Township, Loyalhanna Township, Saltsburg Borough and Young Township). All of the municipalities are located in Indiana County, with the exception of Loyalhanna Township, which is located in Westmoreland County. All students who reside in Black Lick Township, Blairsville Borough and Burrell Township and are enrolled in BSSD attend Blairsville Elementary School, Blairsville Middle School or Blairsville High School in Burrell Township. All other BSSD students attend either Saltsburg Elementary School or Saltsburg Middle/High School, which are located in Conemaugh Township. According to FY 2016-17 enrollment data, 63.5 percent of all BSSD students attend a Blairsville school and 36.5 percent attend a Saltsburg school.

The Homer-Center School District (HCSD) includes students from Center Township and Homer City Borough in Indiana County. It has one elementary school and a combined middle and high school.

This first scenario has two options. The first option divides Blairsville and Saltsburg into two separate districts. The second option merges the new Blairsville SD with HCSD. This scenario uses enrollment data from PDE for FY 2016-17 and applies it to FY 2014-15 ADM figures to inform the number of students in the new school districts. For FY 2014-15, BSSD had 1,663 ADM. Assuming that BSSD is split by the respective buildings and all students remain in those buildings, Blairsville would have 1,057 ADM and Saltsburg would have 606 ADM. For FY 2014-15, HCSD had 856 ADM. If Blairsville merged with HCSD, the new Homer-Center SD would have a total of 1,913 ADM. The text that follows provides a discussion of the possible implications of these two options.

Tax Revenues

Revenue Snapshot for Blairsville-Saltsburg and Homer-Center School Districts

	Blairsville-Saltsburg	Homer-Center
Local Revenue for FY 2016-17 ($ millions)[1]	$13.0	$6.7
Average Daily Membership (ADM) FY 2014-15	1,663	856
Local Revenue per ADM	$7,846	$7,842
FY 2016-17 Property Tax Revenue ($ millions)[1]	$10.7	$5.5
Property Tax Revenue per ADM	$6,459	$6,431
FY 2016-17 Assessment Value ($ millions)	$647.6	$351.1
FY 2016-17 Millage Rate[2]	see note	16.5091
Earned Income Tax (EIT) Revenue ($ millions)[3]	$1.8	$1.0
EIT Revenue per ADM	$1,063	$1,190
Taxable Earned Income ($ millions)[4]	$235.6	$113.2
EIT Rate	0.75%	0.90%

[1] BSSD revenue is based on FY 2016-17 budget. HCSD revenue is estimated based on assessed property value provided by HCSD. Figures include current & interim collections plus Act 1 relief allocations.
[2] There are two millage rates in BSSD: 15.98 in Indiana County and 109.86 in Westmoreland County.
[3] Includes Act 1 and Act 511 earned income tax revenues for FY 2015-16.
[4] Estimated total taxable earned income calculated by the IFO.
Sources: PDE, State Tax Equalization Board (STEB), Department of Community and Economic Development (DCED). Calculations by the IFO.

Scenario 1 Implications

	Option A		Option B	
	Blairsville	Saltsburg	Homer-Center + Blairsville	Saltsburg
ADM	1,057	606	1,913	606
Property Tax Revenue ($ millions)	$7.0	$3.8	$12.1	$3.8
Property Tax Revenue per ADM	$6,605	$6,203	$6,329	$6,203
Assessment Value ($ millions)	$420.9	$226.6	$772.0	$226.6
Millage Rate[1]	15.9800	see note	16.5091	see note
EIT Revenue ($ millions)	$0.9	$0.8	$2.1	$0.8
EIT Revenue per ADM	$886	$1,371	$1,091	$1,371
Taxable Earned Income ($ millions)	$124.9	$110.7	$238.1	$110.7
EIT Rate	0.75%	0.75%	0.90%	0.75%

[1] The new Saltsburg SD will levy two millage rates: 15.98 in Indiana County and 109.86 in Westmoreland County.
Source: Calculations by the IFO.

Option A Summary – Split BSSD into Blairsville SD and Saltsburg SD

Due to a reassessment in Indiana County that impacted property values and millage rates beginning in FY 2016-17, the property tax analysis for this scenario includes property values and property tax revenue estimates for FY 2016-17. For BSSD, all revenue and property value data are from the district's FY 2016-17 budget. For HCSD, total local and property tax revenue are estimated by the IFO based on FY 2016-17 assessed property value provided by the school district and the FY 2016-17 millage rate. Based on 2015 assessment value splits from the State Tax Equalization Board (STEB), 65 percent of BSSD assessed value and property tax revenue is attributable to Blairsville and the remaining 35 percent is attributable to Saltsburg. It is assumed that Blairsville retains the millage rate of 15.9800 and Saltsburg continues to levy the current rates of 15.9800 in Indiana County and 109.9800 in Westmoreland County.

Based on American Community Survey (ACS) 2015 five-year income data, 53 percent of earned income is attributable to Blairsville and 47 percent to Saltsburg. Each district retains the current EIT rate.

Based on these assumptions/parameters, the analysis derives the following results:

- The new Blairsville SD generates $7.0 million in property tax revenues ($6,605 per ADM) and $0.9 million in EIT revenues ($886 per ADM).
- The new Saltsburg SD generates $3.8 million in property tax revenues ($6,203 per ADM) and $0.8 million in EIT revenues ($1,371 per ADM).

In terms of combined revenue from property taxes and EIT, Blairsville SD receives a decrease of $31 per ADM and Saltsburg SD receives an increase of $52 per ADM compared to the current BSSD funding.

Option B Summary – Split BSSD and Merge Blairsville SD with HCSD

All calculations used in Option A to separate BSSD are carried over in this option. All figures for the new Saltsburg SD are also carried over.

For the new Homer-Center SD, it is assumed that the assessed property value from the Blairsville SD is added to HCSD, and the current HCSD millage rate is applied to the combined assessed value.[5] Based on this assumption, property tax revenue is recomputed. The millage rate for property owners in Blairsville SD increases from 15.9800 to 16.5091.

The same approach is used for EIT revenues. Specifically, the earned income that was apportioned to the Blairsville SD is added to HCSD, and the HCSD EIT rate of 0.90 percent is applied to calculate EIT revenue.

Based on these assumptions, the analysis derives the following results:

- The new Homer-Center SD generates $12.1 million in property tax revenue ($6,329 per ADM) and $2.1 million in EIT revenue ($1,091 per ADM).
- In terms of combined revenue from property taxes and EIT, the new Homer-Center SD realizes a decrease of $202 per ADM.

Debt and Debt Service

The table below provides a summary of debt and debt service for BSSD and HCSD before the proposed reorganization.

Scenario 1 Debt Summary

	Blairsville-Saltsburg	Homer-Center
Total Expenditures ($ millions)	$30.3	$15.4
Debt Service ($ millions)	$1.8	$1.4
Debt Service as Share of Expenditures	5.8%	9.3%
Debt Service per ADM	$1,058	$1,679
Debt Outstanding at end of FY ($ millions)	$61.9	$38.3
Debt Outstanding per ADM	$37,212	$44,749

Note: All data are for FY 2015-16.
Source: FY 2015-16 Annual Financial Report, PDE. Calculations by the IFO.

[5] FY 2016-17 assessed value for HCSD was provided by HCSD and property tax revenue was estimated based on the FY 2016-17 millage rate.

The following two tables display the implications from the two options on school district debt and debt service based on the metric used to apportion debt in the original district: (1) earned income, (2) assessed value or (3) ADM.

Scenario 1 (Option A) Debt Implications

	Earned Income		Assessed Value		ADM	
School District	BSD	SSD	BSD	SSD	BSD	SSD
Debt Service ($ millions)	$0.8	$0.9	$1.3	$0.4	$1.1	$0.7
Debt Service per ADM	$782	$1,538	$1,248	$726	$1,032	$1,103
Debt Outstanding ($ millions)	$29.1	$32.8	$46.4	$15.5	$38.4	$23.5
Debt Outstanding per ADM	$27,517	$54,122	$43,910	$25,529	$36,299	$38,805

Source: Calculations by the IFO.

Scenario 1 (Option B) Debt Implications

	Earned Income		Assessed Value		ADM	
School District	HCSD	SSD	HCSD	SSD	HCSD	SSD
Debt Service ($ millions)	$2.3	$0.9	$2.8	$0.4	$2.5	$0.7
Debt Service per ADM	$1,183	$1,568	$1,441	$726	$1,321	$1,103
Debt Outstanding ($ millions)	$67.4	$32.8	$84.7	$15.5	$76.7	$23.5
Debt Outstanding per ADM	$35,228	$54,122	$44,285	$25,529	$40,080	$38,805

Source: Calculations by the IFO.

State Funding

The table on the next page displays the most recent data for each item in the new BEF formula for the current BSSD and HCSD. A second table displays some of the more important items within the BEF formula for current and restructured districts. The tabulations for "*New Districts*" were calculated by the IFO using ACS 2015 five-year data as well as enrollment data for the various schools within the BSSD. The table reveals the following:

- It is unclear if the new Saltsburg SD would receive more or less state funding per ADM as a result of the split with Blairsville. While the increase in median household income (+$3,543) and decrease in share of students living in low-income households (-2.7 percentage points) would reduce the new district's state support, the increase in the share of students living below the FPL (+9.9 percentage points) would enhance the new district's state support.
- The new Blairsville SD would likely receive less state support per ADM due to the decrease in students living below the FPL (-1.8 percentage points). However, this would be partially offset by a minor increase in students living in low-income households (+0.5 percentage points) and a small decrease in median household income (-$1,519), which would both increase state support.
- It is unclear if the new Homer-Center SD would receive more or less state funding per ADM as a result of the merger. While it would receive more state support due to the drop in median household income (-$1,583), it would lose state support

due to a drop in the share of students living in low-income households (-2.0 percentage points).

Overview of Blairsville-Saltsburg and Homer-Center School Districts' BEF

	Blairsville-Saltsburg	Homer-Center
Total 2016-17 Estimated BEF ($ thousands)	$9,440	$5,508
BEF Base Allocation ($ thousands)	$9,115	$5,323
2016-17 Estimated New BEF Formula ($ thousands)	$325	$185
2014-15 Adjusted ADM	1,663	856
2013-14 Adjusted ADM	1,692	863
2012-13 Adjusted ADM	1,774	866
2016-17 BEF Three-Year Average ADM	1,710	862
2015 Share Living Below the FPL (<100% FPL)	15.3%	13.5%
2015 Share Living in Low-Income (100 -184% FPL)	23.7%	27.8%
2015-16 Number of Limited English-Proficient Students	2	1
2014-15 Charter School ADM	58	13
2010 Total Square Miles	111	41
2014-15 ADM per Square Mile	15.0	20.8
2014-15 Sparsity Ratio	0.801	0.725
2014-15 Size Ratio	0.757	0.875
2014-15 Sparsity/Size Ratio	0.7697	0.8146
2014-15 Sparsity/Size Adjustment	31.701	57.992
Total Student-Weighted ADM	2,025	1,064
2015 Median Household Income	$44,851	$46,250
2015 Median Household Income Index	1.195	1.1589
2015-16 Local Tax-Related Revenue ($ millions)	$13.9	$6.9
2015 Number of Households	5,737	2,701
2015 Local Effort Factor	1.06	1.07
2015 STEB Market Value ($ millions)	$504	$260
2014 Adjusted Personal Income ($ millions)	$268	$120
2014-15 Current Expenditures ($ millions)	$27.7	$13.9
2014-15 Current Expenditures per Student-Weighted ADM	$13,685	$13,084
2014-15 Excess Spending Factor	0.8392	0.8936
2014-15 Local Effort Index	0.89	0.96
2014-15 Local Capacity per Weighted Student	5,230	4,808
2014-15 Local Capacity Index	0.21	0.27
Local Effort Capacity Index (LECI)	1.10	1.23
Student-Weighted ADM * Median HH Index * LECI	2,662	1,516

Source: PDE, FY 2016-17 Estimated Basic Education Funding.

Comparison of Current Districts to Proposed Districts

	14-15 ADM	% of Age 6-17 Living Below FPL	% of Age 6-17 Living in Low-Income	Number of Households	Median Household Income
Current Districts					
Blairsville-Saltsburg SD	1,663	15.3%	23.7%	5,737	$44,851
Homer-Center SD	856	13.5%	27.8%	2,701	$46,250
New Districts					
Blairsville	1,057	13.5%	24.2%	3,201	$43,332
Saltsburg	606	25.1%	21.0%	2,536	$48,394
Homer-Center + Blairsville	1,913	13.5%	25.8%	5,902	$44,667

Sources: Current district data are from PDE. New district data are based on the FY 2016-17 enrollment data by school building and various ACS 2015 5-year data for municipalities within the districts. Calculations by the IFO.

Salary Comparison/Standardization

BSSD and HCSD have similar salary structures. (See tables on next page.) The bullet points below describe the similarities as well as some minor differences.

- BSSD and HCSD have general salary schedules for staff who have a bachelor's degree, master's degree, master's degree plus 15 credits and master's degree plus 30 credits. Additionally, both districts have separate categories for instructors, although HCSD currently does not have any staff in that category, and BSSD employs 11 instructors.
- BSSD has 15 steps while HCSD has 11 steps, including the first three steps which currently do not contain any staff.
- The largest two categories of unionized employees are those with a bachelor's degree or a master's degree (with less than 15 extra credits). These two categories comprise over three-quarters of all unionized employees for both districts. Overall, BSSD starts employees at a lower salary than HCSD (roughly 7.0 percent lower), but BSSD unionized employees earn a slightly higher salary (roughly 2.0 percent higher) at the top end of the salary scale.
- For employees with a bachelor's degree, BSSD salaries range from $57,583 to $75,332 (46 percent earn the top salary), and HCSD salaries range from $62,027 to $73,607 (68 percent earn the top salary).
- For employees with a master's degree, BSSD salaries range from $60,046 to $79,952 (49 percent are on the final step in their category), and HCSD salaries range from $64,527 to $76,856 (78 percent are on the final step in their category).

If Blairsville teachers were added to HCSD, then the 51 unionized employees within HCSD who earn the top salary for their educational background would earn less than teachers from BSSD who reached the top tier of their salary schedule. If an adjustment is made to those 51 teachers to equalize pay with employees in the top step of BSSD,

salary costs would increase roughly $103,000 for the proposed merged district, excluding added employer payroll taxes and pension costs associated with those higher salaries. Additionally, since HCSD currently does not have any instructors, instructors from BSSD merged into HCSD would likely maintain their current salary. However, the HCSD instructor salary schedule would likely need to be revised and reconciled to BSSD's current salary schedule.

Blairsville-Saltsburg School District Salary Matrix (FY 2016-17)

Step	Instructor	Bachelor's	Master's	Master's+15	Master's+30
1	$46,730	$57,083	$58,546	$60,046	$61,546
2	47,730	57,583	59,046	60,546	62,046
3	48,730	58,083	59,546	61,046	62,546
4	49,730	58,583	60,046	61,546	63,046
5	50,730	59,096	60,546	62,046	63,546
6	51,730	59,596	61,046	62,546	64,046
7	52,730	61,216	62,666	64,166	65,666
8	53,730	62,836	64,286	65,786	67,286
9	54,730	64,457	65,907	67,407	68,907
10	55,730	66,078	67,528	69,028	70,528
11	56,730	67,699	69,149	70,649	72,149
12	57,730	69,320	70,770	72,270	73,770
13	58,730	70,941	72,391	73,891	75,391
14	59,730	72,902	74,522	76,022	77,522
15	60,730	75,332	76,952	78,452	79,952

Note: Has doctoral level salary matrix, but there are currently no doctoral instructional staff.
Source: Salary matrix provided by Blairsville-Saltsburg School District.

Homer-Center School District Salary Matrix (FY 2016-17)

Step	Instructor	Bachelor's	Master's	Master's+15	Master's+30
1	$54,102	$58,642	$61,137	$61,916	$62,711
2	55,102	60,027	62,527	63,306	64,101
3	56,102	61,027	63,527	64,306	65,101
4	57,102	62,027	64,527	65,306	66,101
5	58,102	63,027	65,527	66,306	67,101
6	59,102	64,027	66,527	67,306	68,101
7	60,102	65,652	68,152	68,931	69,726
8	61,102	67,302	69,802	70,581	71,376
9	62,102	68,952	71,452	72,231	73,026
10	63,102	70,602	73,102	73,881	74,676
11	64,102	73,607	75,307	76,081	76,856

Note: Has an instructor/master's degree level salary matrix, but there are currently no union employees working as an instructor with a master's degree.
Source: Salary matrix provided by Homer-Center School District.

Administrative Costs

Administrative Cost Comparison: Blairsville-Saltsburg and Homer-Center School Districts

		Admin/Coordinators per 1,000 ADM			Administrative Spending per ADM		
School District	Decile	Value	State Avg.	Diff.	Value	State Avg.	Diff.
Blairsville-Saltsburg SD	4	14.3	12.6	1.7	$718	$630	$89
Homer-Center SD	2	10.2	13.8	-3.5	$753	$778	-$24

Note: State averages represent the weighted average for districts in the same decile.
Source: PDE. Calculations by the IFO.

For FY 2014-15, BSSD district ranked in the 4th decile in terms of student population, and HCSD ranked 2nd due to its smaller size. Compared to statewide averages for their respective deciles, BSSD had a higher number of administrators and coordinators per 1,000 ADM (+1.7) and higher administrative spending per ADM (+$89). HCSD had a lower number of administrators and coordinators per 1,000 ADM (-3.5) and lower administrative spending per ADM (-$24). A comparison of the new districts under Options A and B reveals the following:

- For Option A, the existing district-level staff (e.g., superintendent, business manager, etc.) and associated salaries and expenses would likely move to one of the districts, and the other district would need to fill those positions, thus increasing administrative costs and staff.
- Due to the decline in student population, Saltsburg SD would move to the 1st decile. Districts in that decile have average administrative costs of $1,013 per ADM and 15.0 administrators and coordinators per 1,000 ADM. That movement could imply an increase in administrative costs on a per ADM basis.
- Blairsville SD would move to the 2nd decile. Districts in that decile have average administrative costs of $778 per ADM and 13.8 administrators and coordinators per 1,000 ADM. That movement could imply an increase in administrative costs on a per ADM basis.
- For Option B, the existing BSSD district level staff would likely remain with Saltsburg. However, the Saltsburg student total would be noticeably lower than BSSD, and it is unclear whether all existing district level positions would be necessary to maintain the same level of administration.
- Saltsburg SD would move to the 1st decile. Districts in that decile have average administrative costs of $1,013 per ADM and 15.0 administrators and coordinators per 1,000 ADM. That movement could imply an increase in administrative costs on a per ADM basis.
- For HCSD, it is likely that all existing district level staff would remain in the new Homer-Center SD. However, since the student population would increase

substantially from the merger, it is possible that the new school district may need to hire additional district-level administrators to accommodate the larger student body.

- The higher student total pushes the new Homer-Center SD into the 5th decile. Districts in that decile have average administrative costs of $609 per ADM and 12.1 administrators and coordinators per 1,000 ADM. However, that movement need not imply a definitive change in administrative costs.

Scenario #2: Leechburg Area and Kiski Area School Districts

Leechburg Area School District (LASD) includes students from Gilpin Township and Leechburg Borough in Armstrong County and West Leechburg Borough in Westmoreland County. The district has two school buildings, including one elementary school and one junior/senior high school.

Kiski Area School District (KASD) includes eight municipalities in Westmoreland County (Allegheny Township, Avonmore Borough, Bell Township, East Vandergrift Borough, Hyde Park Borough, Oklahoma Borough, Vandergrift Borough and Washington Township) and Parks Township in Armstrong County. KASD has three primarily elementary schools (Grades K-4), one upper elementary school (grades 5 and 6), one intermediate school and one high school.

This scenario assumes that West Leechburg Borough splits from LASD and merges with KASD. For FY 2014-15, LASD had an ADM of 816 students and KASD had an ADM of 3,925 students. Using data from the U.S. Census Bureau's ACS to inform the split of West Leechburg Borough from LASD and subsequent merger with KASD results in ADM totals of 671 students for the new Leechburg Area SD (minus West Leechburg) and 4,070 students for the new Kiski Area SD (with West Leechburg). It should be noted that this memo does not consider whether KASD has sufficient capacity to accommodate 145 new students who attend one of two schools within the current LASD.

Tax Revenues

Revenue Snapshot for Leechburg Area and Kiski Area School Districts

	Leechburg Area	Kiski Area
Local Revenue from FY 2015-16 AFR Data ($ millions)	$6.4	$25.3
Average Daily Membership (ADM) FY 2014-15	816	3,925
Local Revenue per ADM	$7,809	$6,434
Property Tax Revenue ($ millions)[1]	$5.4	$20.1
Property Tax Revenue per ADM	$6,587	$5,132
2015 STEB Assessment Value ($ millions)	$75.8	$274.5
FY 2015-16 Millage Rate[2]	see note	see note
Earned Income Tax (EIT) Revenue ($ millions)[3]	$0.5	$2.9
EIT Revenue per ADM	$643	$733
Taxable Earned Income ($ millions)[4]	$104.9	$575.1
EIT Rate	0.5%	0.5%

[1] Includes FY 2015-16 current & interim collections plus Act 1 reduction allocations.
[2] LASD levies two millage rates: 72.27 in Armstrong County and 119.23 in Westmoreland County. KASD levies two millage rates: 41.12 in Armstrong County and 85.62 in Westmoreland County.
[3] Includes Act 1 and Act 511 earned income tax revenues in FY 2015-16.
[4] Estimated total taxable earned income calculated by the IFO.
Sources: PDE, STEB and DCED.

Scenario 2 Implications

	Leechburg Area (minus West Leechburg)	Kiski Area (plus West Leechburg)
ADM	671	4,070
Property Tax Revenue ($ millions)	$4.6	$21.0
Property Tax Revenue per ADM	$6,889	$5,162
Assessment Value ($ millions)	$65.2	$285.1
Millage Rate[1]	72.2700	see note
EIT Revenue ($ millions)	$0.4	$3.0
EIT Revenue per ADM	$602	$736
Taxable Earned Income ($ millions)	$80.7	$599.2
EIT Rate	0.5%	0.5%

[1] The new KASD will levy two millage rates: 41.12 in Armstrong County and 85.62 in Westmoreland County.
Source: Calculations by the IFO.

Summary

Based on 2015 STEB data for the current LASD, roughly 14 percent of assessed property value is attributable to West Leechburg Borough. The remaining 86 percent of property value remains in LASD. This 86/14 split is used to separate the total assessed property value and property tax revenues. It is assumed that the remaining LASD retains the millage rate of 72.2700 that is levied in Armstrong County in the district, while West

Leechburg Borough assumes the KASD millage rate levied in Westmoreland County of 85.6200. Property owners in West Leechburg Borough would receive a millage rate reduction of 28.2 percent.

Based on 2015 ACS income data, 23 percent of earned income in the current LASD is attributable to West Leechburg Borough, and 77 percent is attributable to the remaining district. It is assumed that KASD's EIT rate of 0.5 percent will apply to West Leechburg Borough and LASD retains the current EIT rate of 0.5 percent.

Based on these assumptions, the analysis derives the following results:

- The new Leechburg Area SD generates $4.6 million in property tax revenues ($6,889 per ADM) and $0.4 million in EIT revenues ($602 per ADM).
- The new Kiski Area SD generates $21.0 million in property tax revenues ($5,162 per ADM) and $3.0 million in EIT revenues ($736 per ADM).

In terms of combined revenue per student from property taxes and EIT after reorganization, the new Leechburg Area SD receives an increase of $261 per ADM and the new Kiski Area SD receives an increase of $33 per ADM compared to current levels.

Debt and Debt Service

The table below provides a summary of debt and debt service for LASD and KASD before the proposed reorganization.

Scenario 2 Debt Summary

	Leechburg Area	Kiski Area
Total Expenditures ($ millions)	$12.6	$54.7
Debt Service ($ millions)	$0.6	$4.9
Debt Service as Share of Expenditures	4.6%	9.0%
Debt Service per ADM	$705	$1,250
Debt Outstanding at end of FY ($ millions)	$22.2	$136.2
Debt Outstanding per ADM	$27,197	$34,689

Note: All data are for FY 2015-16.
Source: FY 2015-16 Annual Financial Report, PDE. Calculations by the IFO.

The following table displays the implications of Scenario 2 on school district debt and debt service based on the metric used to apportion debt in the current LASD.

Scenario 2 Debt Implications

	Earned Income		Assessed Value		ADM	
School District	LASD	KASD	LASD	KASD	LASD	KASD
Debt Service ($ millions)	$0.4	$5.0	$0.5	$5.0	$0.5	$5.0
Debt Service per ADM	$660	$1,238	$738	$1,225	$703	$1,231
Debt Outstanding ($ millions)	$17.1	$141.3	$19.1	$139.3	$18.2	$140.1
Debt Outstanding per ADM	$25,467	$34,707	$28,444	$34,217	$27,121	$34,435

Source: Calculations by the IFO.

State Funding

The table on the next page displays the most recent data for each item within the new BEF formula for the current LASD and KASD. A second table displays some of the more important items within the BEF formula for current and restructured districts. The tabulations for "*New Districts*" were calculated by the IFO using ACS 2015 five-year data for various municipalities within the LASD. The table details the following:

- The proposed Leechburg Area SD would likely receive a similar amount of state funding per ADM as the current LASD receives. The funding would fall slightly due to the decline in the share of children living below the FPL (-0.4 percentage points) and the share of children living in low-income households (-0.7 percentage points). However, this small decline would be nearly offset by a decline in median household income (-$1,874), which would potentially increase their per ADM funding.
- The proposed Kiski Area SD would also likely see little movement in their per ADM funding compared to the current KASD. The percentage of children living below the FPL (+0.2 percentage points) or in low-income households (+0.3 percentage points) changes very little with the merger of West Leechburg to Kiski Area SD. The median household income for the new Kiski Area SD would only decline $224 compared to the current KASD.

Overview of Leechburg Area and Kiski Area School Districts' BEF

	Leechburg Area	Kiski Area
Total 2016-17 Estimated BEF ($ thousands)	$4,277	$15,766
BEF Base Allocation ($ thousands)	$4,068	$15,231
2016-17 Estimated New BEF Formula ($ thousands)	$209	$535
2014-15 Adjusted ADM	816	3,925
2013-14 Adjusted ADM	814	3,967
2012-13 Adjusted ADM	818	3,997
2016-17 BEF Three-Year Average ADM	816	3,963
2015 Share Living Below the FPL (<100% FPL)	27.1%	10.0%
2015 Share Living in Low-Income (100 -184% FPL)	21.7%	15.9%
2015-16 Number of Limited English-Proficient Students	3	8
2014-15 Charter School ADM	12	112
2010 Total Square Miles	19	105
2014-15 ADM per Square Mile	43.8	37.4
2014-15 Sparsity Ratio	0.420	0.505
2014-15 Size Ratio	0.881	0.426
2014-15 Sparsity/Size Ratio	0.6979	0.4555
2014-15 Sparsity/Size Adjustment	0.000	0.000
Total Student-Weighted ADM	1,006	4,412
2015 Median Household Income	$44,432	$50,121
2015 Median Household Income Index	1.2063	1.0694
2015-16 Local Tax-Related Revenue ($ millions)	$6.6	$25.2
2015 Number of Households	2,638	12,113
2015 Local Effort Factor	1.09	0.81
2015 STEB Market Value ($ millions)	$217	$1,261
2014 Adjusted Personal Income ($ millions)	$112	$637
2014-15 Current Expenditures ($ millions)	$12.0	$49.6
2014-15 Current Expenditures per Student-Weighted ADM	$11,966	$11,232
2014-15 Excess Spending Factor	0.9825	1.0377
2014-15 Local Effort Index	1.07	0.81
2014-15 Local Capacity per Weighted Student	4,372	5,812
2014-15 Local Capacity Index	0.34	0.12
Local Effort Capacity Index (LECI)	1.41	0.93
Student-Weighted ADM * Median HH Index * LECI	1,711	4,388

Source: PDE, FY 2016-17 Estimated Basic Education Funding.

Comparison of Current Districts to Proposed Districts

	14-15 ADM	% of Age 6-17 Living Below FPL	% of Age 6-17 Living in Low-Income	Number of Households	Median Household Income
Current Districts					
Leechburg Area SD	816	27.1%	21.7%	2,638	$44,432
Kiski Area SD	3,925	10.0%	15.9%	12,113	$50,121
New Districts					
Leechburg less W. Leechburg	671	26.7%	21.0%	1,895	$42,558
Kiski plus West Leechburg	4,070	10.2%	16.2%	12,856	$49,897

Source: Current district data are from PDE. New district data are based on various ACS 2015 5-year data for municipalities within the districts. Calculations by the IFO.

Salary Comparison/Standardization

Both KASD and LASD have roughly the same number of steps in their salary schedules (17 steps for KASD, 16 steps for LASD). However, there are differences as well. (See tables on next two pages.) They are as follows:

- KASD only has one category for teachers with a bachelor's degree; LASD has two categories (bachelor's degree and bachelor's degree plus 24 credits).
- KASD only has one salary schedule for those with a master's degree while LASD has three categories (master's degree, master's degree plus 12 credits and master's degree plus 24 credits).
- KASD has an additional category for teachers with a doctoral degree while LASD does not provide additional compensation for those with a doctoral degree. However, KASD only has one employee on the union salary schedule who currently holds a doctoral degree.
- The annual salary for KASD teachers with a bachelor's degree ranges from $52,771 to $80,991, and 36 percent of those teachers receive an annual salary of $80,991.[6] For LASD teachers with a bachelor's degree, the annual salary ranges from $48,399 to $78,010, and 57 percent of those teachers receive an annual salary between $66,518 and $78,010.[7]

[6] There are currently no teachers with a bachelor's degree on step 1.

[7] There are currently no teachers with a bachelor's degree on step 1.

- In KASD, the majority of teachers (172 of 250, or 69 percent) have a master's degree. Their annual salaries range from $55,280 to $73,291, and 33 percent of all teachers with a master's degree receive the top annual salary of $82,771. In LASD, the majority of teachers (41 out of 62, or 66 percent) also have a master's degree. Their annual salaries range from $52,064 to $79,912, and 46 percent earn between $72,942 and $79,912.[8]

Despite these differences, if West Leechburg Borough merges with Kiski Area SD, it is likely that Kiski's salary schedule would be used for all teachers since the total number of teachers that may migrate over from LASD to KASD would be small (likely less than 10 employees). It is not known which teachers might migrate from LASD to KASD, but for those that do, it is likely that they could realize a small increase in salary to match the salary levels of KASD employees.

Kiski Area School District Salary Matrix (FY 2016-17)

Step	Bachelor's	Master's	Doctoral
1	$50,500	$52,280	$54,280
2	52,771	54,551	56,551
3	53,971	55,751	57,751
4	55,171	56,951	58,951
5	56,371	58,151	60,151
6	57,571	59,351	61,351
7	58,771	60,551	62,551
8	59,971	61,751	63,751
9	61,171	62,951	64,951
10	62,371	64,151	66,151
11	63,571	65,351	67,351
12	64,771	66,551	68,551
13	65,971	67,751	69,751
14	67,171	68,951	70,951
15	68,371	70,151	72,151
16	71,511	73,291	75,291
17	80,991	82,771	84,771

Source: Salary matrix provided by Kiski Area School District.

[8] There are currently no teachers with a master's degree on the first two steps.

Leechburg Area School District Salary Matrix (FY 2016-17)

Step	Bachelor's	Bachelor's+24	Master's	Master's+12	Master's+24
1	$46,257	$46,807	$47,978	$48,478	$48,978
2	48,399	48,981	50,021	50,521	51,021
3	50,541	51,154	52,064	52,564	63,064
4	52,683	53,327	54,108	54,608	55,108
5	54,861	55,536	56,309	56,809	57,309
6	55,466	56,253	57,023	57,523	58,023
7	56,774	56,774	57,544	58,044	58,544
8	58,127	58,127	58,936	59,439	59,936
9	59,484	59,484	60,594	61,094	61,594
10	60,840	60,840	61,716	62,216	62,716
11	62,449	62,449	63,368	63,868	64,368
12	63,807	63,807	64,758	65,258	65,758
13	63,807	65,162	66,148	66,648	67,148
14	63,807	66,518	67,539	68,039	68,539
15	63,807	67,874	68,929	69,429	69,929
16	64,307	78,010	78,912	79,412	79,912

Source: Salary matrix provided by Leechburg Area School District.

Administrative Costs

Administrative Cost Comparison: Leechburg Area and Kiski Area School Districts

		Admin/ Coordinators per 1,000 ADM			Administrative Spending per ADM		
School District	Decile	Value	State Avg.	Diff.	Value	State Avg.	Diff.
Leechburg Area SD	1	8.5	15.0	-6.5	$633	$1,013	-$379
Kiski Area SD	8	11.1	11.9	-0.9	$526	$568	-$42

Note: State averages represent the weighted average for districts in the same decile.
Source: PDE. Calculations by the IFO.

For FY 2014-15, LASD ranked in the 1st decile in terms of student population, and KASD ranked 8th due to its larger size. Compared to statewide averages for their respective deciles, LASD had a lower number of administrators and coordinators per 1,000 ADM (-6.5) and lower administrative spending per ADM (-$379). KASD had a lower number of administrators and coordinators per 1,000 ADM (-0.9) and lower administrative spending per ADM (-$42). A comparison of the new districts under Scenario 2 reveals the following:

- It is likely that the district level staff (e.g., superintendent, business manager, etc.) and associated salaries and expenses would remain unchanged. The existing

LASD administrative staff would remain with Leechburg, and the KASD staff would remain with the new Kiski district.

- The new Leechburg Area SD would remain in the 1st decile. Districts in that decile have average administrative costs of $1,013 per ADM and 15.0 administrators and coordinators per 1,000 ADM.
- The new Kiski Area SD would remain in the 8th decile. Districts in that decile have average administrative costs of $568 per ADM and 11.9 administrators and coordinators per 1,000 ADM.

Scenario #3: Steelton-Highspire, Middletown Area and Central Dauphin School Districts

Steelton-Highspire School District (SHSD) includes students from Highspire Borough and Steelton Borough in Dauphin County. The district has two school buildings, including one elementary school and one junior/senior high school.

Middletown Area School District (MASD) includes students from Lower Swatara Township, Middletown Borough and Royalton Borough in Dauphin County. The district has three elementary schools, one middle school and one high school.

Central Dauphin School District (CDSD) includes students from Dauphin Borough, Lower Paxton Township, Middle Paxton Township, Paxtang Borough, Penbrook Borough, Swatara Township and West Hanover Township in Dauphin County. It has 13 elementary schools, four middle schools and two high schools.

This scenario splits SHSD into Highspire Borough and Steelton Borough, and then merges Highspire with MASD and Steelton with CDSD. For FY 2014-15, CDSD had an ADM of 11,532 students, MASD had an ADM of 2,443 students and SHSD had an ADM of 1,422 students. Using data from the ACS to inform the division of SHSD and merger of Highspire with Middletown Area SD and Steelton with Central Dauphin SD reveals student totals of 12,709 ADM for the new Central Dauphin SD and 2,688 ADM for the new Middletown Area SD.

It should be noted that this memo does not consider whether MASD and CDSD school buildings have sufficient capacity to accommodate roughly 1,422 students currently attending SHSD.

Tax Revenues

Revenue Snapshot for Steelton-Highspire, Middletown Area and Central Dauphin SDs

	Steelton-Highspire	Middletown Area	Central Dauphin
Local Revenue from FY 2015-16 AFR data ($ millions)	$7.6	$27.6	$128.4
Average Daily Membership (ADM) FY 2014-15	1,422	2,443	11,532
Local Revenue per ADM	$5,327	$11,289	$11,138
Property Tax Revenue ($ millions)[1]	$4.8	$20.7	$82.0
Property Tax Revenue per ADM	$3,385	$8,474	$7,112
2015 STEB Assessment Value ($ millions)	$219.4	$836.4	$5,764.0
Millage Rate[2]	25.4770	22.1500	14.8622
Earned Income Tax (EIT) Revenue ($ millions)[3]	$0.7	$4.8	$36.9
EIT Revenue per ADM	$469	$1,946	$3,201
Taxable Earned Income ($ millions)[4]	$133.3	$380.2	$2,460.8
EIT Rate	0.50%	1.25%	1.50%

[1] Includes FY 2015-16 current & interim collections plus Act 1 reduction allocations.
[2] FY 2015-16 millage rates according to PDE.
[3] Includes FY 2015-16 Act 1 and Act 511 earned income tax revenues.
[4] Estimated total taxable earned income calculated by the IFO.
Sources: PDE, STEB and DCED.

Scenario 3 Implications

	Middletown Area (plus Highspire)	Central Dauphin (plus Steelton)
ADM	2,688	12,709
Property Tax Revenue ($ millions)	$22.3	$84.1
Property Tax Revenue per ADM	$8,287	$6,614
Assessment Value ($ millions)	$911.1	$5,908.6
Millage Rate	22.1500	14.8622
EIT Revenue ($ millions)	$5.3	$38.2
EIT Revenue per ADM	$1,957	$3,006
Taxable Earned Income ($ millions)	$422.9	$2,551.5
EIT Rate	1.25%	1.50%

Source: Calculations by the IFO.

Summary

Based on 2015 STEB data, 66 percent of the assessed property value in SHSD is attributable to Steelton Borough, and the remaining 34 percent is attributable to Highspire Borough. This 66/34 split is used to apportion assessed property value between the districts. The analysis assumes that Steelton adopts the CDSD millage rate of 14.8622 and Highspire adopts the MASD millage rate of 22.1500. This outcome

implies that Steelton property owners receive a millage rate reduction of 41.7 percent and Highspire property owners receive a millage rate reduction of 13.1 percent.

Based on 2015 ACS income data, 68 percent of SHSD earned income is attributable to Steelton Borough, and Highspire Borough comprises the remaining 32 percent. This split is used to determine the taxable income that moves to the proposed districts. It is assumed that Steelton Borough adopts the CDSD EIT rate of 1.50 percent and Highspire Borough adopts the MASD EIT rate of 1.25 percent.

Based on these assumptions, the analysis derives the following results:

- The new Middletown Area SD generates $22.3 million in property tax revenues ($8,287 per ADM) and $5.3 million in EIT revenues ($1,957 per ADM).
- The new Central Dauphin SD generates $84.1 million in property tax revenues ($6,614 per ADM) and $38.2 million in EIT revenues ($3,006 per ADM).

In terms of combined property tax and EIT revenues, the new Middletown Area SD receives a decrease of $176 per ADM and the new Central Dauphin Area SD receives a decrease of $693 per ADM.

Debt and Debt Service

The following table provides an overview of debt and debt service for the school districts before reorganization.

Scenario 3 Debt Summary

	Steelton-Highspire	Middletown Area	Central Dauphin
Total Expenditures ($ millions)	$20.4	$42.2	$260.9
Debt Service ($ millions)	$2.5	$5.2	$16.6
Debt Service as Share of Expenditures	12.3%	12.3%	6.3%
Debt Service per ADM	$1,761	$2,132	$1,436
Debt Outstanding at end of FY ($ millions)	$52.6	$118.3	$385.8
Debt Outstanding per ADM	$36,993	$48,437	$33,455

Note: All data are for FY 2015-16.
Source: FY 2015-16 Annual Financial Report, PDE. Calculations by the IFO.

The following table displays the implications of Scenario 3 on school district debt and debt service based on three metrics to apportion debt in the current SHSD.

Scenario 3 Debt Implications

School District	Earned Income		Assessed Value		ADM	
	MASD	CDSD	MASD	CDSD	MASD	CDSD
Debt Service ($ millions)	$6.0	$18.3	$6.1	$18.2	$5.6	$18.6
Debt Service per ADM	$2,236	$1,437	$2,254	$1,433	$2,096	$1,467
Debt Outstanding ($ millions)	$135.2	$421.6	$136.2	$420.5	$127.3	$429.5
Debt Outstanding per ADM	$50,284	$33,171	$50,676	$33,089	$47,349	$33,792

Source: Calculations by the IFO.

State Funding

The first table on the next page details the most recent data for each item within the new BEF for the current SHSD, MASD and CDSD. A second table displays some of the more important items within the BEF formula for current and restructured districts. The tabulations for "*New Districts*" were calculated by the IFO using ACS 2015 five-year data for the two municipalities within the SHSD. As shown in the second table:

- SHSD currently has a large share of students living below the FPL (33.0 percent). At that current rate, SHSD receives an extra increase in adjusted ADM of 0.3 ADMs per student living below the FPL because more than 30 percent of the student-age population lives below the FPL. If Steelton Borough merges with CDSD and Highspire Borough merges with MASD, then neither of the two new districts would qualify to receive the extra adjustment that SHSD has received in the past. This will likely result in a decline in the share of new state BEF driven out to the proposed Central Dauphin and Middletown Area SDs.
- Due to the much larger size of CDSD and MASD, the overall poverty level would not increase significantly due to the addition of the two municipalities that comprise SHSD. The new Central Dauphin SD's share of 6-17 year olds living below the FPL would increase 2.6 percentage points. The new Middletown Area SD's share would increase 0.7 percentage points.
- In terms of median household income, the proposed Central Dauphin SD's income would decline 1.6 percent (-$983). The proposed Middletown Area SD's median household income would decline 2.4 percent (-$1,192). This outcome would slightly increase the proposed Central Dauphin SD and Middletown Area SD's share of new BEF formula dollars, but the exact dollar amount is unclear.

Overview of Steelton-Highspire, Middletown Area and Central Dauphin School Districts' BEF

	Steelton-Highspire	Middletown Area	Central Dauphin
Total 2016-17 Estimated BEF ($ thousands)	$8,078	$7,910	$17,348
BEF Base Allocation ($ thousands)	$7,631	$7,425	$16,004
2016-17 Estimated New BEF Formula ($ thousands)	$447	$485	$1,344
2014-15 Adjusted ADM	1,422	2,443	11,532
2013-14 Adjusted ADM	1,413	2,475	11,348
2012-13 Adjusted ADM	1,449	2,318	11,325
2016-17 BEF Three-Year Average ADM	1,428	2,412	11,402
2015 Share Living Below the FPL (<100% FPL)	33.0%	17.1%	11.2%
2015 Share Living in Low-Income (100 -184% FPL)	12.6%	13.4%	13.6%
2015-16 Number of Limited English-Proficient Students	35	55	499
2014-15 Charter School ADM	102	61	481
2010 Total Square Miles	3	17	127
2014-15 ADM per Square Mile	539.3	141.8	90.6
2014-15 Sparsity Ratio	-6.141	-0.878	-0.199
2014-15 Size Ratio	0.792	0.643	-0.685
2014-15 Sparsity/Size Ratio	-1.9779	0.0521	-0.4658
2014-15 Sparsity/Size Adjustment	0.000	0.000	0.000
Total Student-Weighted ADM	1,945	2,806	13,042
2015 Median Household Income	$43,567	$50,663	$63,457
2015 Median Household Income Index	1.2303	1.058	0.8447
2015-16 Local Tax-Related Revenue ($ millions)	$6.5	$27.6	$127.8
2015 Number of Households	3,128	7,622	37,382
2015 Local Effort Factor	0.93	1.39	1.05
2015 STEB Market Value ($ millions)	$258	$960	$6,933
2014 Adjusted Personal Income ($ millions)	$124	$380	$2,522
2014-15 Current Expenditures ($ millions)	$13.1	$35.7	$162.0
2014-15 Current Expenditures per Student-Weighted ADM	$6,717	$12,726	$12,420
2014-15 Excess Spending Factor	1.7445	0.9342	0.9559
2014-15 Local Effort Index	0.93	1.3	1
2014-15 Local Capacity per Weighted Student	2,641	6,332	9,618
2014-15 Local Capacity Index	0.60	0.04	0.00
Local Effort Capacity Index (LECI)	1.53	1.34	1.00
Student-Weighted ADM * Median HH Index * LECI	3,661	3,977	11,016

Source: PDE, FY 2016-17 Estimated Basic Education Funding.

Comparison of Current Districts to Proposed Districts

	14-15 ADM	% of Age 6-17 Living Below FPL	% of Age 6-17 Living in Low-Income	Number of Households	Median Household Income
Current Districts					
Steelton-Highspire	1,422	33.0%	12.6%	3,128	$43,567
Middletown Area	2,443	17.1%	13.4%	7,622	$50,663
Central Dauphin	11,532	11.2%	13.6%	37,382	$63,457
New Districts					
Middletown Area + Highspire	2,688	17.8%	13.1%	8,682	$49,471
Central Dauphin + Steelton	12,709	13.8%	13.6%	39,450	$62,474

Source: Current district data are from PDE. New district data are based on various ACS 2015 5-year data for municipalities within the districts. Calculations by the IFO.

Salary Comparison/Standardization

SHSD, MASD and CDSD all have roughly the same number of steps in their salary schedules (14 steps for SHSD, 16 steps for MASD and 15 steps for CDSD). All three have salary schedules for teachers with a bachelor's, master's and master's plus various amounts of credits. However, there are significant differences as well. (See tables on next two pages.) They are as follows:

- SHSD has two salary schedules for bachelor's degrees (bachelor's degree and bachelor's degree plus 15 credits) while MASD and CDSD only have one category for teachers with a bachelor's degree.
- SHSD has four salary schedules for teachers with a master's degree (master's, master's plus 15 credits, master's plus 24 credits and master's plus 36 credits) while MASD and CDSD have five salary schedules for teachers with a master's degree (master's, master's plus 15 credits, master's plus 30 credits, master's plus 45 credits and master's plus 60 credits).
- Both MASD and CDSD have an additional category for teachers with a doctoral degree while SHSD does not.
- The annual salary for SHSD teachers with a bachelor's degree ranges from $39,995 to $63,360. The annual salary is higher for MASD and CDSD teachers with a bachelor's degree. For MASD the range is $45,000 to $72,195, and for CDSD the range is $46,353 to $71,184.
- The annual salary for SHSD teachers with a master's degree ranges from $44,924 to $73,413. The annual salary is higher for MASD and CDSD teachers with a master's degree. For MASD, the range is $47,650 to $82,595, and for CDSD the range is $48,793 to $81,691.

Despite these differences, if Steelton Borough merges with Central Dauphin SD and Highspire Borough with Middletown Area SD, it is likely that Central Dauphin and

Middletown Area's salary schedules would be used for all teachers since the total number of teachers that may migrate from SHSD to Central Dauphin or Middletown Area SD would be small compared to the number in Central Dauphin and Middletown Area SDs. It is not known which teachers might migrate from SHSD to one of the two other districts, but for those that do, it is likely that some could realize an increase in salary of roughly $3,000 to $9,000 to match the salary levels of Central Dauphin or Middletown Area staff with the same experience and education.

Steelton-Highspire School District Salary Matrix (FY 2016-17)

Step	Bachelor's	Bachelor's +15	Master's	Master's +15	Master's +24	Master's +36
1	$39,985	$41,961	$44,924	$46,617	$48,920	$51,348
2	41,082	42,973	46,570	48,212	50,567	52,995
3	42,170	44,620	48,216	49,807	52,214	54,642
4	43,332	46,267	49,864	51,433	53,861	56,289
5	44,493	47,913	51,511	53,080	55,507	57,935
6	44,493	49,560	53,157	54,726	57,154	59,582
7	44,493	51,207	54,804	56,374	58,801	61,228
8	44,493	52,853	56,451	58,020	60,447	62,875
9	44,493	54,500	57,321	59,667	62,094	64,522
10	44,493	56,146	58,771	61,314	63,742	66,168
11	44,493	57,793	60,543	62,960	65,388	67,815
12	44,493	59,073	61,832	64,826	67,254	69,682
13	44,493	61,174	63,862	66,691	69,119	71,547
14	44,493	63,360	66,131	68,558	70,986	73,413

Source: Salary matrix provided by Steelton-Highspire School District.

Middletown Area School District Salary Matrix (FY 2016-17)

Step	Bachelor's	Master's	Master's +15	Master's +30	Master's +45	Master's +60	Doctoral
1	$45,000	$47,650	$49,550	$51,500	$53,450	$55,400	$57,300
2	45,575	48,225	50,125	52,075	54,025	55,975	57,875
3	46,550	49,200	51,100	53,050	55,000	56,950	58,850
4	47,550	50,200	52,100	54,050	56,000	57,950	59,850
5	48,555	51,205	53,105	55,055	57,005	58,955	60,855
6	49,655	52,305	54,205	56,155	58,105	60,055	61,955
7	51,355	54,005	55,905	57,855	59,805	61,755	63,655
8	53,055	55,705	57,605	59,555	61,505	63,455	65,355
9	55,055	57,705	59,605	61,555	63,505	65,455	67,355
10	57,055	59,705	61,605	63,555	65,505	67,455	69,355
11	59,305	61,955	63,855	65,805	67,755	69,705	71,605
12	61,050	63,700	65,600	67,550	69,500	71,450	73,350
13	63,750	66,400	68,300	70,250	72,200	74,150	76,050
14	66,450	69,100	71,000	72,950	74,900	76,850	78,750
15	69,150	71,800	73,700	75,650	77,600	79,550	81,450
16	72,195	74,845	76,745	78,695	80,645	82,595	84,495

Source: Salary matrix provided by Middletown Area School District.

Central Dauphin School District Salary Matrix (FY 2016-17)

Step	Bachelor's	Master's	Master's +15	Master's +30	Master's +45	Master's +60	Doctoral
1	$46,353	$48,793	$50,772	$52,751	$54,730	$56,709	$58,688
2	48,126	50,577	52,556	54,535	56,514	58,493	60,472
3	49,900	52,360	54,339	56,318	58,297	60,276	62,255
4	51,674	54,144	56,123	58,102	60,081	62,060	64,039
5	53,447	55,928	57,907	59,886	61,865	63,844	65,823
6	55,221	57,712	59,691	61,670	63,649	65,628	67,607
7	56,995	59,495	61,474	63,453	65,432	67,411	69,390
8	58,768	61,279	63,258	65,237	67,216	69,195	71,174
9	60,542	63,063	65,042	67,021	69,000	70,979	72,958
10	62,315	64,846	66,825	68,804	70,783	72,762	74,741
11	64,089	66,630	68,609	70,588	72,567	74,546	76,525
12	65,863	68,414	70,393	72,372	74,351	76,330	78,309
13	67,636	70,198	72,177	74,156	76,135	78,114	80,093
14	69,410	71,981	73,960	75,939	77,918	79,897	81,876
15	71,184	73,765	75,744	77,723	79,702	81,681	83,660

Source: Salary matrix provided by Central Dauphin School District.

Administrative Costs

Administrative Cost Comparison: Central Dauphin, Middletown, and Steelton-Highspire SDs

		Admin/ Coordinators per 1,000 ADM			Administrative Spending per ADM		
School District	Decile	Value	State Avg.	Diff.	Value	State Avg.	Diff.
Central Dauphin SD	10	14.1	9.1	5.0	$374	$456	-$82
Middletown Area SD	6	14.5	11.4	3.2	$531	$570	-$39
Steelton-Highspire SD	3	12.0	12.7	-0.7	$1,193	$747	$446

Note: State averages represent the weighted average for districts in the same decile.
Source: PDE. Calculations by the IFO.

For FY 2014-15, CDSD ranked in the 10th decile in terms of student population, MASD ranked 6th and SHSD ranked 3rd. Compared to statewide averages for their respective deciles, CDSD had a higher number of administrators and coordinators per 1,000 ADM (+5.0) and lower administrative spending per ADM (-$82). MASD had a higher number of administrators and coordinators per 1,000 ADM (+3.2) and lower administrative spending per ADM (-$39). SHSD had a lower number of administrators and coordinators per 1,000 ADM (-0.7) and higher administrative spending per ADM (+$446). A comparison of the new districts under Scenario 3 reveals the following:

- Since three separate districts would be consolidated into two larger districts, it is likely that there would be a consolidation or elimination of certain district-level positions and the associated costs, which would result in administrative savings.
- The new Central Dauphin SD would remain in the 10th decile. Districts in that decile have average administrative spending of $456 per ADM and 9.1 administrators and coordinators per 1,000 ADM.
- The new Middletown Area SD would remain in the 6th decile. Districts in that decile have average administrative costs of $570 per ADM and 11.4 administrators and coordinators per 1,000 ADM.

Scenario #4: Hopewell Area and Aliquippa School Districts

Hopewell Area School District (HASD) includes students from Hopewell Township, Independence Township and Raccoon Township in Beaver County. For FY 2014-15, the district had 2,295 ADM. The district has three elementary schools, one junior high school and one senior high school. Aliquippa School District (ASD) includes students from Aliquippa City in Beaver County. For FY 2014-15, the district had 1,299 ADM. The district has one elementary school and one junior/senior high school. This scenario merges HASD and ASD into a single district, which would have a total of 3,593 ADM.

Tax Revenues

Revenue Snapshot for Hopewell Area and Aliquippa School Districts

	Hopewell Area	Aliquippa
Local Revenue from FY 2015-16 AFR Data ($ millions)	$18.7	$6.4
Average Daily Membership (ADM) FY 2014-15	2,295	1,299
Local Revenue per ADM	$8,138	$4,935
Property Tax Revenue ($ millions)[1]	$15.6	$5.3
Property Tax Revenue per ADM	$6,778	$4,090
2015 STEB Assessment Value ($ millions)	$236.2	$86.3
FY 2015-16 Millage Rate[2]	70.0000	see note
Earned Income Tax (EIT) Revenue ($ millions)[3]	$2.2	$0.6
EIT Revenue per ADM	$967	$481
Taxable Earned Income ($ millions)[4]	$444.0	$125.0
EIT Rate	0.5%	0.5%

[1] Includes FY 2015-16 current & interim collections plus Act 1 reduction allocations.
[2] ASD levies two millage rates: 224.0000 on land and 34.7500 on buildings.
[3] Includes FY 2015-16 Act 1 and Act 511 earned income tax revenues.
[4] Estimated total taxable earned income calculated by the IFO.
Sources: PDE, STEB and DCED.

Scenario 4 Implications

	Hopewell Area + Aliquippa
Local Revenue ($ millions)	$25.1
ADM	3,593
Local Revenue per ADM	$6,982
Property Tax Revenue ($ millions)	$20.9
Property Tax Revenue per ADM	$5,808
Assessment Value ($ millions)	$322.4
Millage Rate[1]	64.7206
EIT Revenue ($ millions)	$2.8
EIT Revenue per ADM	$792
Taxable Earned Income ($ millions)	$569.0
EIT Rate	0.5%

[1] The merged Hopewell Area and Aliquippa School District would not be eligible to levy separate millage rates on land and buildings under section 672(e) of the Public School Code of 1949. The millage rate in this table applies to both land and buildings.
Source: Calculations by the IFO.

Summary

The ADMs of ASD and HASD were combined to yield a new ADM of 3,593 for the proposed district. Total local revenue was also combined to yield $25.1 million. For this scenario, a new blended millage rate was calculated from the combination of property tax revenues and assessment values in both districts. The same approach was used for EIT revenues and the EIT rate. Based on this approach, the analysis derives the following results:

- The merged district generates $25.1 million in local revenue ($6,982 per ADM). On a per student basis, this represents a $2,047 increase for Aliquippa students, and a $1,156 decrease for Hopewell Area students.
- The merged district generates $23.7 million in combined property tax and EIT revenues ($6,600 per ADM). On a per student basis, this represents a $2,029 increase for Aliquippa students, and a $1,146 decrease for Hopewell Area students.
- If the new school district levied the calculated blended rate of 64.7206 mills, this would be a millage rate reduction of 7.5 percent for property owners from HASD. For ASD, land owners would receive a millage rate reduction of 71.1 percent, while building owners would receive a millage rate increase of 86.2 percent.

Debt Summary

For this scenario, the analysis combines expenditures, debt service and debt outstanding for the two districts. Therefore, it was not necessary to split or apportion any existing debt. The combination of those categories yields the following results for the new district:

- Debt service as a share of total expenditures is 8.5 percent. This outcome is a 2.1 percentage point decrease for ASD and a 1.3 percentage point increase for HASD.
- Debt service per ADM is $1,370. This outcome is a $371 decrease for ASD and a $210 increase for HASD.
- Debt service as a percentage of combined property tax and EIT revenues is 20.8 percent. This outcome is a 17.3 percentage point decrease for ASD and a 5.8 percentage point increase for HASD.
- Debt outstanding per ADM is $41,443. This outcome is a $15,921 decrease for ASD and a $9,012 increase for HASD.

Scenario 4 Debt Summary/Implications

	Aliquippa	Hopewell Area	Hopewell Area + Aliquippa
Total Expenditures ($ millions)	$21.3	$36.9	$58.2
Debt Service ($ millions)	$2.3	$2.7	$4.9
Debt Service as Share of Expenditures	10.6%	7.2%	8.5%
Debt Service per ADM	$1,741	$1,160	$1,370
Debt Service as % of PT & EIT Revenues	38.1%	15.0%	20.8%
Debt Outstanding at end of FY ($ millions)	$74.5	$74.4	$148.9
Debt Outstanding per ADM	$57,364	$32,431	$41,443

Note: All data are for FY 2015-16.
Source: FY 2015-16 Annual Financial Report, PDE. Calculations by the IFO.

State Funding

The first table on the next page details the most recent data for each item within the new BEF formula for the current ASD and HASD. A second table displays some of the more important items within the BEF formula for the current and restructured districts. The tabulations for "*New Districts*" were calculated by the IFO using ACS 2015 data for ASD and HASD. The second table reveals a number of notable points:

- ASD currently has 30.2 percent of its children age 6-17 living below the FPL, so that it qualifies for an increase in adjusted ADM. For HASD, the comparable figure is 2.3 percent. The merger of ASD and HASD would result in a poverty level of 12.4 percent. This would imply a decrease in state funds driven out by the new BEF formula to the proposed district.
- Over half of ASD's 6-17 year old population lives below the FPL or in low-income households. For HASD, the comparable figure is under 14 percent. The merger of ASD and HASD would result in a figure of 29.3 percent. It is unclear if that result would increase or decrease total state funding driven out to the proposed district.
- The median household income in HASD ($63,210) is currently more than twice that of ASD ($30,851). The proposed district would have a median household income of roughly $51,339. It is unclear if that result would increase or decrease total state funding driven out to the proposed district.

Overview of Hopewell Area and Aliquippa School Districts' BEF

	Hopewell Area	Aliquippa
Total 2016-17 Estimated BEF ($ thousands)	$9,654	$8,791
BEF Base Allocation ($ thousands)	$9,466	$8,082
2016-17 Estimated New BEF Formula ($ thousands)	$187	$710
2014-15 Adjusted ADM	2,295	1,299
2013-14 Adjusted ADM	2,355	1,304
2012-13 Adjusted ADM	2,368	1,258
2016-17 BEF Three-Year Average ADM	2,339	1,287
2015 Share Living Below the FPL (<100% FPL)	5.3%	50.1%
2015 Share Living in Low-Income (100 -184% FPL)	11.4%	26.8%
2015-16 Number of Limited English-Proficient Students	2	1
2014-15 Charter School ADM	110	139
2010 Total Square Miles	60	5
2014-15 ADM per Square Mile	38.3	282.6
2014-15 Sparsity Ratio	0.492	-2.742
2014-15 Size Ratio	0.665	0.810
2014-15 Sparsity/Size Ratio	0.5901	-0.5872
2014-15 Sparsity/Size Adjustment	0.000	0.000
Total Student-Weighted ADM	2,514	2,005
2015 Median Household Income	$63,210	$30,851
2015 Median Household Income Index	0.848	1.7374
2015-16 Local Tax-Related Revenue ($ millions)	$19.2	$6.8
2015 Number of Households	7,173	4,156
2015 Local Effort Factor	0.83	1.03
2015 STEB Market Value ($ millions)	$864	$236
2014 Adjusted Personal Income ($ millions)	$452	$119
2014-15 Current Expenditures ($ millions)	$33.5	$19.0
2014-15 Current Expenditures per Student-Weighted ADM	$13,325	$9,492
2014-15 Excess Spending Factor	0.8666	1.2458
2014-15 Local Effort Index	0.72	1.03
2014-15 Local Capacity per Weighted Student	7,142	2,355
2014-15 Local Capacity Index	0.00	0.64
Local Effort Capacity Index (LECI)	0.72	1.67
Student-Weighted ADM * Median HH Index * LECI	1,535	5,818

Source: PDE, FY 2016-17 Estimated Basic Education Funding.

Comparison of Current Districts to Proposed Districts

	14-15 ADM	% of Age 6-17 Living Below FPL	% of Age 6-17 Living in Low Income	Number of Households	Median Household Income
Current Districts					
Hopewell Area	2,295	2.3%	11.4%	7,173	$63,210
Aliquippa	1,299	30.2%	26.8%	4,156	$30,851
New Districts					
Aliquippa + Hopewell	3,593	12.4%	17.0%	11,329	$51,339

Source: Current district data are from PDE. Calculations by the IFO.

Salary Comparison/Standardization

The salary schedules for ASD and HASD are quite different. (See tables on next page.) Major differences include the following:

- ASD has 15 steps for teachers with a bachelor's degree, master's degree, master's degree plus 30 credits and master's degree plus 60 credits. HASD has 18 steps for teachers with a bachelor's degree or master's degree.
- For ASD, 72 percent of all teachers currently have a bachelor's degree and earn between $41,194 and $70,063. For teachers with a bachelor's degree, 40 percent earn $70,063. For HASD, 38 percent of teachers have a bachelor's degree and earn between $49,680 and $77,480. For teachers with a bachelor's degree, 43 percent earn $77,480.
- For ASD, only 28 percent of all teachers have a master's degree and earn between $42,266 and $71,322. Just over half of those who currently have a master's degree earn more than $70,000. For HASD, 62 percent of all teachers have a master's degree and earn between $52,430 and $80,230. For teachers with a master's degree, 30 percent earn $80,230.

If ASD and HASD merge, there will be challenges due to the reconciliation of salary schedules. For FY 2016-17, ASD has 105 instructional staff who receive a salary based on the salary matrix. In nearly every case, teachers in ASD earn $5,000 to $10,000 less per instructor than HASD's 116 comparable employees with the same degree. While the parameters of a new salary matrix are unclear, if no teacher earns less than their current salary, then incremental salary costs for the new district would range from $0.5 - $1.0 million (excluding added payroll taxes and new retirement contributions).

Aliquippa School District Salary Matrix (FY 2016-17)

Step	Bachelor's (1)	Bachelor's (2)	Master's (1)	Master's (2)	Master's +30 (1)	Master's +30 (2)	Master's +60
1	$40,694	$49,543	$41,266	$50,165	$44,201	$50,803	$51,463
2	41,194	50,043	41,766	50,664	44,701	51,302	51,962
3	41,694	50,543	42,266	51,164	45,201	51,802	52,462
4	42,194	51,043	42,766	51,664	45,701	52,302	52,962
5	43,833	52,682	44,405	53,303	47,340	53,941	54,601
6	45,470	54,319	46,402	54,940	48,977	55,578	56,238
7	47,108	55,957	47,680	56,578	50,615	57,216	57,876
8	48,747	57,596	49,319	58,217	52,254	58,855	59,515
9	50,386	59,235	50,958	59,856	53,893	60,494	61,154
10	52,024	60,873	52,596	61,494	55,531	62,132	62,792
11	53,662	62,511	54,234	63,132	57,169	63,770	64,430
12	55,300	64,149	55,872	64,770	58,807	65,408	66,068
13	56,938	65,787	57,510	66,408	60,445	67,046	67,706
14	58,576	67,425	59,148	68,046	62,083	68,684	69,344
15	61,214	70,063	61,786	70,684	64,721	71,322	71,982

Note: Category/level (1) is for teachers who have not yet received their permanent teacher certification. After they receive certification, they would move to category/level (2).
Source: Salary matrix provided by Aliquippa School District.

Hopewell Area School District Salary Matrix (FY 2016-17)

Step	Bachelor's	Master's
1	$49,680	$52,430
2	50,680	53,430
3	51,680	54,430
4	52,680	55,430
5	54,180	56,930
6	55,680	58,430
7	57,380	60,130
8	59,080	61,830
9	60,780	63,530
10	62,480	65,230
11	64,180	66,930
12	65,880	68,630
13	67,780	70,530
14	69,680	72,430
15	71,580	74,330
16	73,480	76,230
17	75,480	78,230
18	77,480	80,230

Source: Salary matrix provided by Hopewell Area School District.

Administrative Costs

Administrative Cost Comparison: Hopewell Area and Aliquippa School Districts

School District	Decile	Admin/ Coordinators per 1,000 ADM			Administrative Spending per ADM		
		Value	State Avg.	Diff.	Value	State Avg.	Diff.
Hopewell Area SD	6	12.4	11.4	1.1	$658	$570	$88
Aliquippa SD	3	10.4	12.7	-2.3	$581	$747	-$166

Note: State averages represent the weighted average for districts in the same decile.
Source: PDE. Calculations by the IFO.

For FY 2014-15, HASD ranked in the 6th decile in terms of student population, and ASD ranked 3rd due to its smaller size. Compared to statewide averages for their respective deciles, HASD had a higher number of administrators and coordinators per 1,000 ADM (+1.1) and higher administrative spending per ADM (+$88). ASD had a lower number of administrators and coordinators per 1,000 ADM (-2.3) and lower administrative spending per ADM (-$166). A comparison of the new districts under Scenario 4 reveals the following:

- Because the two separate districts would be consolidated into a single larger district, it is likely there would be a consolidation or elimination of certain district-level positions and the associated costs, which would result in administrative savings.
- The higher student total moves the new district into the 8th decile. Schools in that decile have average administrative costs of $568 per ADM and 11.9 administrators and coordinators per 1,000 ADM.

APPENDIX F

Eastern Lancaster County School District/Columbia Borough School District Agreement

STATEMENT OF WORK FOR

EXECUTIVE ADMINISTRATIVE SERVICES

This Statement of Work for Executive Administrative Services (this "**Statement of Work**") is entered into in connection with the Master Services Agreement (the "**Master Agreement**"), dated April 25, 2016, between Eastern Lancaster County School District ("ELANCO") and **Columbia Borough School District** ("**CBSD**"). This Statement of Work is hereby incorporated as part of the Master Agreement and the performance of Executive Administrative Services, as defined below, shall be subject to all of the terms of the Master Agreement.

1. Services. ELANCO will provide the following executive administrative services ("**Services**") between July 1, 2016 to June 30, 2017 unless this Statement of Work is terminated earlier as provided by the terms of said documents:

INTERIM SUPERINTENDENT OF RECORD (Commissioned Officer – Dr. Robert M. Hollister)

- Dr. Hollister shall simultaneously serve as the Interim Superintendent of Record for CBSD and Superintendent of Record for ELANCO. His terms and conditions of employment shall be governed exclusively by his current Superintendent's Contract with ELANCO, until modified or terminated per the terms of that Agreement. Dr. Hollister shall be entitled to no additional compensation or benefits (with the exception of reimbursement for expenses) from CBSD or from ELANCO in recognition of his services to CBSD.
- Dr. Hollister's services as Interim Superintendent of Record shall be as defined in the Summary of Responsibilities attached to this Statement of Work as Appendix A.
- Dr. Hollister shall be responsible for complying with all CBSD policies and ELANCO policies during the provision of services under this Agreement. In the event such policies conflict, Dr. Hollister shall report the issue to the President of the ELANCO and CBSD Boards for resolution.
- Dr. Hollister, in consultation with both parties, shall prepare project benchmarks for achievement which encompass his services under this Statement of Work. The parties, in consultation with Dr. Hollister, shall prepare an evaluation process to measure progress toward these benchmarks. The President of CBSD's Board, or his/her designee, shall report on Dr. Hollister's performance and progress toward these benchmarks to the President of ELANCO's Board on a quarterly basis or more often if necessary.
- Input from CBSD shall be considered in ELANCO's annual evaluation of Dr. Hollister's performance. That portion of Dr. Hollister's annual evaluation dealing with the duties covered by this Statement of Work and related goals shall be shared with CBSD's Board. CBSD's Board reserves the right to share any performance concerns with Dr. Hollister directly at any time.
- Dr. Hollister shall endeavor to be present at CBSD the equivalent of 4 full days per month to attend key meetings (including Board meetings) and when necessary to perform the services outlined in the Position Guide. These days (or increments thereof) shall be scheduled by Dr. Hollister at such times to maximize his effectiveness on behalf of

CBSD. At all other times, he shall endeavor to be reasonably available to the CBSD Board and staff via telephone or electronically.

- The parties acknowledge that Dr. Hollister shall delegate administrative functions listed in the Summary of Responsibilities to the Director of Operations as appropriate and that the Director of Operations shall limit the need for the continuous presence of a Superintendent at CBSD facilities.
- It is recognized that there may be occasions where, both ELANCO and CBSD may simultaneously require Dr. Hollister's presence for priority meetings or events. The parties shall work together proactively to minimize such contingencies. In the event a scheduling conflict is unavoidable, Dr. Hollister shall determine the best course for proceeding via delegation, proxy, rescheduling, participating electronically or such other means as deemed appropriate.
- In accordance with applicable law, Dr. Hollister shall have a seat on the CBSD Board and a right to speak on all matters before the Board, but not to vote. He shall also have the right to attend all meetings of the Board or Board Committees, except when the Board is discussing matters relating to his employment or the appointment of a successor.

DIRECTOR OF OPERATIONS (Under Direction of Superintendent)

- ELANCO shall provide CBSD with the services of a full-time on-site Director of Operations whose primary role shall be to perform executive administrative duties as assigned by Dr. Hollister with the goal of achieving the same level of on-site service that CBSD would experience with a full-time on-site superintendent.
- The Director of Operations shall be employed by ELANCO and his/her terms and conditions of employment shall be governed exclusively by any offer letter, agreement or policies that ELANCO may provide.
- The Director of Operations' primary duties shall be as listed in the Summary of Responsibilities attached to this Statement of Work as Appendix B.
- The Director of Operations shall be responsible for complying with all CBSD policies and ELANCO policies during the provision of services under this Agreement. In the event such policies may conflict, the issue shall be reported to the President of the ELANCO and CBSD Boards for resolution.
- The President of CBSD's Board, or his/her designee, shall report on the Director of Operations' performance of the above duties to the Interim Superintendent of Record on a quarterly basis or more often if necessary. This input shall be considered in ELANCO's annual evaluation of the Director of Operations' performance. CBSD's Board reserves the right to share any performance concerns with the Director of Operations directly at any time.

2. Location. Dr. Hollister's primary office shall be in the ELANCO Administrative Offices. The Director of Operations' primary office shall be in the CBSD Administrative Offices. Both districts shall maintain suitable offices to accommodate both individuals as necessary to enable efficient performance of services under this Statement of Work.

3. Term. The initial term of this Statement of Work (the "**Initial Term**") shall commence on July 19, 2016 and shall continue through June 30, 2017. If at any time during the

contract term, ELANCO or CBSD determines that it is impractical to continue the contracted service, ELANCO or CBSD may terminate this Statement of Work without cause by providing a 90-day notice of such termination. In addition, either party may terminate this Statement of Work in the event of a material breach by the other party after thirty days' notice of breach has been given if the breaching party fails to cure its breach during such time. CBSD may terminate the services of the Interim Superintendent or the Director of Operations at any time for valid and just cause for the reasons specified in Section 1080 of the Public School Code.

4. Payment. All services provided under this Agreement shall be due within 30 days of the invoice date, except in the event of a dispute regarding services or expenses. Upon termination of the Master Agreement, this Statement of Work shall terminate automatically. CBSD also agrees to pay all of reasonable travel, communications (including 1/2 of cell phone costs), administrative, and other out-of-pocket expenses incurred by ELANCO in connection with the provision of services provided under this Statement of Work; provided, such expenses shall be itemized on any invoice and subject to approval by the CBSD Board. ELANCO shall invoice CBSD on a monthly basis.

5. Post-termination Employment. Notwithstanding any other provision herein or in the Master Services Agreement (including but not limited to Section 12 of the Master Services Agreement), if the Director of Operations ceases to be an employee of ELANCO and CBSD hires or utilizes the Director of Operations as an employee of CBSD or via another third-party service provider at any time during the term of this Statement of Work or within eighteen (18) months thereafter, CBSD shall pay ELANCO a finder's fee equivalent to the greater of twenty-five percent (25%) of the Director of Operations' final salary or thirty thousand dollars ($30,000); provided, no fee shall apply if ELANCO terminates the Director of Operations due to lack of work. The parties mutually agree that this Section is intended to modify Section 12 of the Master Services Agreement to the limited extent that it would apply to the contingency described in this Section.

6. Executive Administrative Service Fees. ELANCO's fee for the services described in the attached Appendices shall not exceed $165,000 per year (payable in 12 equal monthly installments).

7. Incapacity. In the event either the Interim Superintendent or Director of Operations is unable or unwilling to continue providing services under this Agreement for a period of over thirty (30) days, ELANCO shall provide a qualified substitute for the remainder of the term.

8. Qualifications / Licensure. ELANCO shall ensure that all administrative professionals providing services under this Statement of Work maintain all necessary licensures and/or certifications and complete all required background checks in order to provide such services in accordance with law.

9. Allocation of Funding. In the event either party receives any public or private grants or other monies which are targeted at funding services or activities that are covered by this Statement of Work, the parties shall meet to discuss appropriate allocation of such funds to the extent permitted by the funding source. The parties may agree to a fee credit or rebate, as appropriate, to reflect such funding.

10. Insurance. Both parties shall notify their respective insurance carriers of the shared services to be provided under this Statement of Work and take necessary action to ensure that adequate coverage is in place at all times. Prior to the commencement of any services under this Statement of Work, and thereafter upon request by either party, each party shall share with the other party proof of the coverage that is in place to insure both parties and individuals providing such services.

11. Additional Services. The parties acknowledge that CBSD may have administrative needs which exceed the scope of this Statement of Work and/or the capacity of ELANCO's current staff. In such event, the parties shall attempt to negotiate on a project by project basis the scope and fee for any such extra services or CBSD may be directed to obtain the services from a third-party provider at CBSD's cost.

12. Nature of Relationship. ELANCO and its employees serve as independent contractor/consultants to CBSD in the provision of services under this Statement of Work. This relationship is being explored with the goals of attaining a) greater stability in the executive leadership of CBSD and the resulting benefits for the district, its students and constituents; b) greater efficiency in the utilization of public funds entrusted to both parties; c) a sharing of skills and resources among the districts to their mutual benefit; and d) professional development opportunities for the individuals involved. It is expressly agreed and understood that nothing in this Statement of Work is intended to effectuate or imply a merger, consolidation or reorganization of either district.

Eastern Lancaster County School District	**Columbia Borough School District**
By:_____	By:_____
Name: Glenn M. Yoder	Name:_____
Title: Board President	Title:_____
Date: 06/20/2016	Date:_____

APPENDIX A
SUPERINTENDENT OF RECORD
SUMMARY OF RESPONSIBILITIES

- Insure the District operates within the legal parameters of regulation and law.
- Maintain a presence at CBSD as specified in the Statement of Work.
- Delegate duties to the Director of Operations and other CBSD staff to ensure efficient operations.
- Facilitate the creation of the shared vision for both School Districts.
- Implement the necessary steps to see that the mission meets the overall vision.
- Investigate where additional partnership opportunities exist for the benefit of CBSD.
- Evaluate the Administrative Team of Columbia Borough.
- Report to the Columbia Borough Board of School Directors.
- Sit on the CBSD Board of School Directors in a non-voting capacity.

APPENDIX B
DIRECTOR OF OPERATIONS
SUMMARY OF RESPONSIBILITIES

- Serve as delegate to and primary source of communication to and from the Interim Superintendent when the Interim Superintendent is not on-site. As assigned by the Interim Superintendent, assume primary responsibility for each of the following tasks:
- Liaison to School Board, staff and broader Columbia community.
- Supervising Buildings and Grounds at Columbia Borough School District.
- Supervising Food Services at Columbia Borough School District.
- Representing Columbia Borough School District at most student events and district events.
- Supervise Community Service program, Graduation Project program and Career Development at Columbia Borough School District.
- Plan professional development for non-instructional services.
- Maintain positive community relationships and partnerships through memberships and attendance at local organization functions.
- Represent Superintendent at routine Board meetings and Board Committee meetings.
- Oversee hiring of non-instructional staff.
- Assist Superintendent in the completion of required reports and plans.
- Take an active role in acquiring grants.
- Take an active role in acquiring support of local businesses and charities.
- Be part of the chain of command for any requests or complaints that may arise from students, staff or community.
- Present (in person) on a quarterly basis a report to the ELANCO School Board

APPENDIX G

Wilkinsburg Borough School District/Pittsburgh Public Schools
Letter of Agreement

Wilkinsburg School District and Pittsburgh Public Schools

LETTER OF AGREEMENT
(Accessed February 24, 2017 on the Wilkinsburg School District website)

Posted in: Pittsburgh Public Schools Partnership News
Tags: Announcement ‘

The Wilkinsburg School District, due to low enrollment, cannot provide the academic offerings required to provide students adequate opportunities to receive a quality education and, therefore, is considering closing and discontinuing its middle / high school program (grades seven through twelve). In the event of the Board of School Directors’ decision to close and discontinue the Wilkinsburg School District’s middle / high school program, pursuant to Section 1607 of the Public School Code, 24 P.S. § 16-1607, Wilkinsburg School District will assign the pupils to a high school and provide adequate transportation thereto.

The following terms serve as the parties’ agreement, to be further supplemented as necessary, for the assignment of Wilkinsburg School District students in grades seven through twelve to attend school in the Pittsburgh Public Schools pursuant to Section 1607 of the Public School Code:

- **Assignment of Pupils.** Upon the closure by Wilkinsburg School District of its middle / high school, in accordance with Section 1607 of the Public School Code, Wilkinsburg School District students in grades seven through twelve shall be assigned by Wilkinsburg School District to attend high school in the Pittsburgh Public Schools’ George Westinghouse Academy, also known as Westinghouse 6-12 School (hereinafter, “Westinghouse”).
- **Implementation.** The terms of this agreement shall be implemented at the commencement of the first school year following and in the event of the closure by Wilkinsburg School District of its middle / high school program (grades seven through twelve), but not sooner than the commencement of the 2016/17 school year. This agreement is cancellable by either party upon notice to the other party, but not sooner than the conclusion of the 2021-22 school year, provided, that the termination or expiration of this agreement shall not impair any rights Wilkinsburg School District students otherwise have to attend Pittsburgh Public Schools as provided by law upon the discontinuance by Wilkinsburg School District of its middle / high school program.
- **Programs and Services.** Except as qualified in Paragraph 4 below with regard to Magnet School offerings, Wilkinsburg School District students will be fully eligible for all curriculum, instruction, career and technical education programs, alternative education services, and co-curricular and extra-curricular activities (including participation on interscholastic athletics teams) available to resident students of Pittsburgh Public Schools.

- **Magnet Schools.** Students in grades seven through twelve from the Wilkinsburg School District shall be afforded the opportunity to enroll in the various Magnet School offerings in the same manner and subject to the same requirements as is afforded resident students of the Pittsburgh Public Schools commencing the 2017-18 school year. During the first year of the agreement in the 2016-17 school year in which Wilkinsburg School District students are assigned to Pittsburgh Public Schools, such students shall be enrolled in Westinghouse and they may apply for admission to a magnet school programs for the following school year as set forth above. Applications for magnet admission for Wilkinsburg students assigned to Pittsburgh Public Schools shall be evaluated in the same manner as the applications of students residing in the School District of Pittsburgh.
- **Tuition.** Subject to the conditions stated below, the Wilkinsburg School District will pay the School District of Pittsburgh the tuition rate of $8,000 in the first year. The tuition rate will increase to $9,600 in the second year. In subsequent years, the tuition rate will be adjusted by the Act 1 index as annually determined by the Pennsylvania Department of Education or as otherwise agreed by the parties.

The aforementioned rates are dependent on securing funding for transition costs from the Pennsylvania Department of Education. In the event that transition funding is not secured, the Wilkinsburg School District will pay the School District of Pittsburgh the tuition rate of $12,954 in the first year. The tuition rate will increase to $13,056 in the second year. In subsequent years, the tuition rate will be adjusted by the Act 1 index as annually determined by the Pennsylvania Department of Education or as otherwise agreed by the parties.

The tuition rates set forth herein are subject to approving opinion of the Pennsylvania Department of Education as to the appropriateness of the calculation under the provisions of the Public School Code of 1949, as amended.

- **Special Education Students.** The foregoing tuition rates apply to all regular education students and those students with Individualized Education Plans or Section 504 agreements presently being served within Wilkinsburg High School.

To the extent the cost of implementing an IEP or service agreement requires additional resources beyond those otherwise deployed for placements within Pittsburgh Public Schools, tuition rates will be negotiated for individual students:

(a) who, prior to assignment to Pittsburgh Public Schools, have IEP's or Section 504 agreements providing placements outside of Wilkinsburg High School that are rewritten to provide placements within Pittsburgh Public Schools, or
(b) who are first identified to require an IEP or Section 504 agreement subsequent to their assignment to Pittsburgh Public Schools,

For educational placements outside of Pittsburgh Public Schools, Wilkinsburg School District shall directly pay the approved private school or other educational entity at which Wilkinsburg School District resident students are placed.

- **Tuition Payments.** Wilkinsburg School District will pay to Pittsburgh Public Schools a prorated monthly tuition amount on or before the last day of each calendar month of each school year based upon the average daily membership of Wilkinsburg School District students in attendance and the number of instructional days in each month in proportion to the total number of instructional days in the Pittsburgh Public Schools' school year. On or before June 30th of each year, enrollments and tuition fees will be reconciled subject to audit.
- **Standardized Testing.** Wilkinsburg School District students attending Pittsburgh Public Schools will receive preparation for and be administered all mandated and optional standardized tests. Subject to the approval of the Pennsylvania Department of Education and applicable laws and regulations, scores of Wilkinsburg School District resident students on PSSA (Pennsylvania System of School Assessment) assessments, Keystone Exams and any other standardized assessment mandated by state or federal authorities will be attributed to the School District of Pittsburgh. Scores of Wilkinsburg School District resident students on mandated and optional standardized tests will be provided to Wilkinsburg School District. The parties recognize that this provision is subject to review and approval of the Pennsylvania Department of Education.
- **Grants.** Pittsburgh Public Schools will be entitled to utilize Wilkinsburg School District students assigned to attend Pittsburgh Public Schools for purposes of state or federal monetary assistance for particular services to such students (such as free and reduced price meals, extraordinary special education subsidies, etc.) and applications for grants from public and/or private sources.
- **Calendar.** Wilkinsburg School District students enrolled in the Pittsburgh Public Schools will attend school in accordance with the Pittsburgh Public Schools calendar.
- **Transportation.** Wilkinsburg School District shall be responsible for providing transportation and shall provide transportation for all Wilkinsburg School District students enrolled in Pittsburgh Public Schools to any school attended by Wilkinsburg School District students under this agreement.
- **Liaison and Coordination.** The parties will designate individual administrators and staff members as liaisons to coordinate matters related to student enrollment, transition, special education, transportation and other specific matters as may be determined necessary for the successful implementation of the parties' agreement.
- **Transfer Between Entities.** The assignment of Wilkinsburg School District secondary students to Pittsburgh Public Schools will arise from the closure and discontinuance of the Wilkinsburg School District's high school program and is not a transfer of any program between those school districts. Accordingly, although Pittsburgh Public Schools may consider Wilkinsburg School District professional staff members for employment through the regular employment application process, Pittsburgh Public Schools will not be required to accept Wilkinsburg School District professional staff members for inclusion on employment eligibility or recall lists.
- **Disenrollment**. Pittsburgh Public Schools will disenroll Wilkinsburg School District resident students upon a change in residency or the student's withdrawal upon enrollment in a charter school or nonpublic school. Wilkinsburg School District will remain responsible for tuition costs for Wilkinsburg School District resident students who enroll in a charter school.

- **Student Discipline.** Wilkinsburg School District resident students attending Pittsburgh Public Schools shall be subject to the student disciplinary policies and codes of conduct promulgated by Pittsburgh Public Schools. Pittsburgh Public Schools shall have the authority to discipline such students, including the suspension of expulsion of students, in accordance with the policies of Pittsburgh Public Schools and applicable law. Whenever it is necessary or in the best interests of an expelled Wilkinsburg School District resident student that such student be assigned to an alternative educational program outside of Pittsburgh Public Schools, Wilkinsburg School District and Pittsburgh Public Schools shall confer to determine a suitable alternative educational placement for the student. For alternative educational placements outside of Pittsburgh Public Schools, Wilkinsburg School District shall directly pay the approved private school or other educational entity at which Wilkinsburg School District resident students are assigned.
- **Compulsory Attendance.** Pittsburgh Public Schools shall be responsible for the enforcement of compulsory attendance requirements of Wilkinsburg School District resident students attending Pittsburgh Public Schools.
- **Modification.** If necessary to the successful implementation of this Agreement, the parties shall endeavor in good faith to negotiate further terms, conditions and contingencies of the arrangements contemplated hereby and that are acceptable to both parties, provided that this agreement may be modified only by a written instrument signed by both parties and approved by the parties' respective Boards of School Directors at a duly constituted public meeting.
- **Binding Effect.**

A. This Letter of Agreement is approved and the officers and Solicitors of the parties hereto are authorized and directed to execute this agreement and to execute all other agreements under Section 17 herein.

B. This Agreement is subject to the review and approval by the Pennsylvania Department of Education.

C. This Agreement is contingent upon the Commonwealth of Pennsylvania issuing a written commitment to the satisfaction of the parties to provide funding for the transition costs and other additional costs incurred by both Districts in the course of implementing this Agreement.

D. This Agreement is contingent upon the receipt of an approving opinion of the Pittsburgh Public Schools Solicitor that there is no litigation pending or other matters which challenges the validity or legality of this Agreement, that the Agreement is in conformity with the Pennsylvania Public School Code and other applicable laws and both parties possess the legal power to enter into the transaction and all necessary actions have been taken by the parties as required by law in connection with the approval.

WHEREFORE, the parties, by their duly authorized representatives, and intending to be legally bound hereby, have executed this Agreement.

APPENDIX H

Pennsylvania Multi-County School Districts

Pennsylvania Multi-County School Districts

Listed alphabetically, by district name

District Name	Counties
Allegheny-Clarion Valley	Armstrong, Butler, Clarion
Apollo Ridge	Armstrong, Indiana
Armstrong	Armstrong, Indiana
Belle Vernon Area	Fayette, Westmoreland
Berwick Area	Columbia, Luzerne
Bethlehem Area	Lehigh, Northampton
Blackhawk	Beaver, Lawrence
Blairsville-Saltsburg	Indiana, Westmoreland
Boyertown Area	Berks, Montgomery
Brockway Area	Elk, Jefferson
Brownsville Area	Fayette, Washington
Canton Area	Bradford, Lycoming, Tioga
Catasauqua Area	Lehigh, Northampton
Clarion-Limestone Area	Clarion, Jefferson
Claysburg-Kimmel	Bedford, Blair
Cocalico	Berks, Lancaster
Conrad Weiser	Berks, Lancaster
Corry Area	Crawford, Erie, Warren
Crawford Central	Crawford, Mercer
Danville Area	Montour, Northumberland
Dubois Area	Clearfield, Jefferson
East Stroudsburg Area	Monroe, Pike
Elk Lake	Susquehanna, Wyoming
Fannett-Metal	Franklin, Perry
Forest Area	Elk, Forest, Venango
Forest City Regional	Lackawanna, Susquehanna, Wayne
Fort Cherry	Allegheny, Washington
Freeport Area	Armstrong, Butler
Galeton Area	Potter, Tioga
Glendale	Cambria, Clearfield
Greenwood	Juniata, Perry
Harmony Area	Clearfield, Indiana
Hazelton Area	Carbon, Luzerne, Schuykill
Jamestown Area	Crawford, Mercer
Jersey Shore Area	Clinton, Lycoming
Kane Area	Elk, Mckean
Karns City Area	Armstrong, Butler, Clarion
Keystone Central	Centre, Clinton, Potter
Kiski Area	Armstrong, Westmoreland
Lackawanna Trail	Lackawanna, Wyoming
Lake-Lehman	Luzerne, Wyoming
Leechburg Area	Armstrong, Westmoreland
Milton Area	Northumberland, Union
Mount Carmel Area	Columbia, Northumberland

District Name	Counties
Mount Union Area	Huntingdon, Mifflin
North Penn	Bucks, Montgomery
North Pocono	Lackawanna, Wayne
North Schuykill	Columbia, Schuykill
Northern Lehigh	Lehigh, Northampton
Norwin	Allegheny, Westmoreland
Octorara Area	Chester, Lancaster
Oswayo Valley	Mckean, Potter
Panther Valley	Carbon, Schuykill
Penn Cambria	Blair, Cambria
Penncrest	Crawford, Venango
Penn-Trafford	Allegheny, Westmoreland
Phillipsburg-Osceola Area	Centre, Clearfield
Port Allegany	Mckean, Potter
Punxsutawney Area	Indiana, Jefferson
Purchase Line	Clearfield, Indiana
Redbank Valley	Armstrong, Clarion
Shippensburg Area	Cumberland, Franklin
Souderton Area	Bucks, Montgomery
Southern Columbia Area	Columbia, Northumberland
Southern Tioga	Lycoming, Tioga
Southmoreland	Fayette, Westmoreland
Spring-Ford Area	Chester, Montgomery
Susquehanna Community	Susquehanna, Wayne
Susquenita	Dauphin, Perry
Titusville Area	Crawford, Venango, Warren
Tussey Mountain	Bedford, Huntingdon
Twin Valley	Berks, Chester
Tyrone Area	Blair, Centre, Huntingdon
Union City Area	Crawford, Erie
Unionville- Chadds Ford	Chester, Delaware
Upper Perkiomen	Berks, Montgomery
Wallenpaupack Area	Pike, Wayne
Warrior Run	Montour, Northumberland, Union
Wellsboro Area	Lycoming, Tioga
West Branch Area	Clearfield, Clinton
West Chester Area	Chester, Delaware
West Shore	Cumberland, York
Williams Valley	Dauphin, Schuykill
Wilmington Area	Lawrence, Mercer
Windber Area	Cambria, Somerset
Wyalusing Area	Bradford Wyoming
Wyoming Area	Luzerne, Wyoming