

# OFFICE FOR EDUCATION POLICY

## POLICY BRIEF: A FIRST LOOK AT THE IMPACTS OF DISTRICT AND SCHOOL CONSOLIDATION

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For over two decades, the “fairness” of Arkansas’ educational system has been assessed by the courts. The 2002 *Lake View* ruling by the Arkansas Supreme Court required the state to “adequately and equitably” fund the education system. Since the Supreme Court’s decision, state policymakers and education officials have worked to rectify problems highlighted in the *Lake View* case. Perhaps the most controversial plan was to consolidate several of Arkansas’ school districts.

### LEGISLATION REVIEW: ACT 60

According to Act 60, the Arkansas Department of Education (ADE) shall publish a consolidation list that includes all districts with fewer than 350 students in Kindergarten through Grade 12 for two consecutive years. Districts on this list may voluntarily agree to consolidate with or be annexed to another district.

According to Act 60, “administrative annexation” means the joining of an affected school district or a part of the school district with a receiving district, whereas, “administrative consolidation” means the joining of two or more school districts to create a new single school district with one administrative unit and one board of directors that is not required to close school facilities.

Districts must submit a petition for approval to the State Board of Education by April 1 of the same year, which establishes the terms of the consolidation or annexation. If the petition is approved, the consolidation or annexation must be completed by June 1.

However, for districts that do not voluntarily consolidate and for those where the consolidation petition is not approved by the State Board, the Board will establish its own petition for consolidation or annexation.

### ACT 60 IMPACTS: YEAR ONE

Based upon enrollment totals from 2002-03 and 2003-04, 57 of the state’s smallest school districts—those with 350 or fewer students in K-12—merged with or were annexed to create larger districts as required by Act 60. Thirty school districts were annexed, while 27 were consolidated. Forty-two districts across the state were involved in the consolidation process as receiving districts, meaning that they either consolidated with or annexed a smaller district. Therefore, a total of 99 school districts across the state played some role in the consolidation process during the 2004-2005 academic year.

Some significant differences, other than obvious enrollment disparities, are evident between the school districts targeted for consolidation/annexation and non-targeted districts across the state. Table 1 presents some of these differences. On average, districts that were targeted for consolidation had higher rates of poverty (by more than 10 percentage points), higher spending per pupil (by more than \$1,500), more students of color, lower teacher salaries (by nearly \$5,000), and lower test scores as compared to the rest of the state.

**Table 1: Comparing Means Between Districts Involved in Consolidation and Those Not on Demographic and Academic Variables, 2003-2004**

Variables	DISTRICTS TARGETED FOR CONSOLIDATION		DISTRICTS <u>NOT</u> TARGETED FOR CONSOLIDATION	
	Consolidated Districts (n=27)	Annexed Districts (n=30)	Receiving Districts (n=42)	Districts Not Involved (n=209)
% Free/Reduced Lunch	69.4	64.4	54.1	53.0
% Non-white	28.4	19.3	22.8	21.8
Per-Pupil Spending	\$7,779	\$8,322	\$6,348	\$6,279
Teacher Salaries	\$30,363	\$31,200	\$35,733	\$35,908
Teacher-Student Ratio	10.6	10.3	13.6	13.8
ACT	18.5	19.1	20.1	20.2
Enrollment	246	228	1,293	1,834

There are some differences between the four categories of districts on Table 1. For instance, with regard to ACT scores, consolidated districts had the lowest scores, followed by the other three categories of districts, with those not involved in consolidation having the highest average scores. With regard to the percentage of low-income students and non-white students, the consolidated districts (n=27) had the highest percentages for both variables (% free/reduced lunch was used as an indicator of household income). One surprising finding is the difference in percentage of non-white students between the consolidated and annexed districts, with their percentages being 28.4% and 19.3% respectively. However, at this point it is not clear why this difference appears or what it may indicate.

There are teacher salary differences between those districts involved in consolidation and those not involved. The consolidated districts reported the lowest teacher salaries (\$30,363), followed by the annexed districts (\$31,200). These figures represent nearly a \$5,000 difference between those districts targeted for consolidation and those uninvolved in consolidation, which paid the highest average teacher salaries (\$35,908.41). However this finding is not surprising as it is generally the case in Arkansas' public schools that as district enrollment increases, so do teacher salaries.

OEP found some geographic trends evident among the districts involved in consolidation. For instance, a large percentage of the districts that were either consolidated or annexed were located in the northeast and southwest corners of the state, with the smallest number located in the central and southeast portions of the state.

Not only is the debate over consolidation intertwined with issues of poverty – because poorer districts are more likely to be small and rural – but it is also clouded by issues of race. Thus, some researchers have examined the racial dynamics of district consolidations. Did districts with a large percentage of minority students consolidate into largely white districts? If so, what does this mean for students both in the closing districts and the receiving districts? A recent report by Jimerson (2005) indicates that of the 57 closing districts, 27 of these had a majority of African-American students, or were combined with such a district. The good news here is that the student racial composition, at these 27 districts, is more balanced now that consolidation has occurred. Unfortunately however, this report also indicates that both school board representation and administration roles held by African-Americans dropped significantly after consolidation.

## ACT 60 IMPACTS: YEAR TWO

The consolidation debate focused on students in grades 9-12 in relatively small high schools due to the difficulties in delivering specialized upper-level coursework in very small schools. In year one, consolidation of high schools was prohibited; however, in year two, eleven of the state's small high schools were closed as a result of the consolidation and annex of the aforementioned school districts. Table 2 lists schools which were closed as a result of consolidation, along with their receiving schools.

**Table 2: Closing School/Receiving School, 2005-2006**

Winslow High / Greenland	Gould High / Dumas
Mt. Holly High / Smackover	C.V. White High / Barton-Lexa
McRae High / Beebe	Bright Star / Fouke
Cotton Plant High / August	Arkansas City High / McGehee
Holly Grove High / Clarendon	Cord-Charlotte High / Cedar Ridge
Grady Campus / Star City	Carthage High/Malvern
Huttig High / Strong-Huttig	

Worth examining are the differences between students attending the consolidated high schools and their peers in the receiving schools. More pointedly, how similar are the students from the consolidated schools to their new classmates with respect to variables such as race, percentage of students eligible for free and reduced lunch, standardized test scores, etc.? The chart at the bottom of page 3 provides a snapshot of a few of these characteristics.

The ADE has begun releasing test scores and funding information from the 2004-2005 school year. During the first week of October, the ADE released the results of last year's benchmark examinations. OEP compared the average scores for both the Grade 4 and Grade 8 examinations taken in '03-'04 and '04-'05 (see Table 3). The good news is, differences between districts that appeared in '03-'04 appear to have lessened in '04-'05 after consolidation took place. Furthermore, in '04-'05, differences between both sets of districts appear to be minimal. For instance, on the Grade 4 Math and Grade 4 Literacy sections of the exam, the average percentage of students scoring at grade level for both sets of districts were within, half a point and two points, respectively.

Data from the first year of the consolidation will soon become available, and OEP researchers will begin to investigate how consolidation has affected the

**Table 3: Percentage of Students Testing at Proficient or Above on State Benchmark Examinations Before and After District Consolidation, 2003-2004 & 2004-2005**

	2003-2004			2004-2005		
	DISTRICTS INVOLVED IN CONSOLIDATION (N=99)	REST OF STATE (N=209)	DIFFERENCE	DISTRICTS INVOLVED IN CONSOLIDATION (N=46)	REST OF STATE (N=208)	DIFFERENCE
<b>Grade 4 Math Exam</b>	63.7%	65.0%	1.3	50.5%	50.0%	-0.5
<b>Grade 4 Literacy Exam</b>	64.7%	70.1%	5.4	49.4%	51.2%	1.8
<b>Grade 8 Math Exam</b>	30.9%	30.5%	-0.4	31.7%	31.6%	-0.1
<b>Grade 8 Literacy Exam</b>	49.3%	52.7%	3.4	55.0%	56.6%	1.6

educational systems for those districts, schools, and communities that were changed by Act 60. At the time of publication, however, few conclusions can be drawn.

Policymakers in states such as Iowa, Idaho, Kansas, and South Dakota are also currently weighing the potential costs and benefits of consolidation. In these states, much like Arkansas, policymakers must consider what benefits may arise from the savings of projected administrative efficiencies against the potential pitfalls of consolidation. According to research, these pitfalls include but are not limited to loss of local control and representation, higher teacher student ratios, lower student achievement, increased travel times for students, and decreased child safety because of the increased distance between home and school (as cited in Murray & Groen, 2004).

Are students in Arkansas’ districts that were directly affected by consolidation now receiving a “better” education? Do they have more course choices? Are students being exposed to more activities? The purpose of the consolidation was to ultimately benefit students;

however, the full benefits and costs of the consolidation effort are likely to only be evident after a few more years. OEP will be watching these developments and will provide further analysis as results become available.

To read a policy brief on the effects of consolidation, visit OEP’s website at:  
<http://www.uark.edu/ua/oep/Briefs.htm>

**REFERENCES**

Jimerson, L. (2005). *The impact of Arkansas’ Act 60 Consolidation on Africa-American school leadership and racial composition of school districts*. Everton, AR: Rural School and Community Trust for Advocates for Community and Rural Education.

Murray, V. & Groen, R. (2004). *Competition or consolidation? The school district consolidation debate revisited*. Phoenix, AZ: Goldwater Institute.

Statistical data for this brief was gathered from the Arkansas Department of Education’s AS-IS databases.

**FIGURE 1: COMPARING RECEIVING AND CLOSING SCHOOLS: ACADEMIC AND NON-ACADEMIC VARIABLES**



