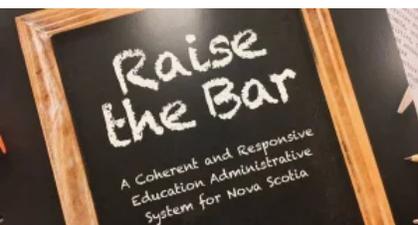


### School District Consolidation: Where are the Actual Savings and Potential Losses?

February 13, 2018 by [Paul W. Bennett](#)

School district consolidation is a [striking phenomenon](#) (<http://www.aasa.org/SchoolAdministratorArticle.aspx?id=13218>) not only in Atlantic Canada, but right across Canada and the United States. Two levels of consolidation, encompassing the merging of smaller schools and the collapsing of school districts, leads to the centralization of management. It also rests primarily on two presumed benefits: (1) *fiscal efficiency* and (2) *higher educational quality*.



(<https://educhatter.wordpress.com/2018/02/13/school-district-consolidation-where-are-the-actual-savings-and-potential-losses/glazeraisethebarcover/>) With the recent release of **Dr. Avis Glaze's** education restructuring report, *Raise the Bar* (<https://www.ednet.ns.ca/sites/default/files/docs/raisethebar-en.pdf>), a fierce public debate is underway in **Nova Scotia** focusing on her plan to dissolve the seven remaining English school boards, reassign administrators to the schools, and reinvest any savings in the classroom. Following that report, a [CBC News Nova Scotia investigation](#) (<http://www.cbc.ca/news/canada/nova-scotia/school-board-senior-staff-execs-wages-salaries-1.4442637>) revealed that the 38 school board administrators potentially affected earned \$4.7 million a year. Whether her plan retaining the seven districts will yield much in the way of cost savings is very much in question. The research, so far, is [decidedly mixed](#) (<http://cpr.maxwell.syr.edu/efap/Research/consolidation.html>) when all factors are taken into consideration.

The sheer scale of district consolidation is staggering. Driven largely by the pursuit of financial economy and efficiency, district consolidation swept across the United States, reduced the number of K-12 districts from 117,108 in 1939-1940 to 13,862 by 2006-2007, a decline of 88 per cent. The rate of consolidation has slowed over the past decade, but at least a few districts consolidate every year in many states (Duncombe and Yinger 2010). While comparative Canadian data is not readily available, it is relatively safe to observe the existence of a similar pattern (Bennett 2011, Corbett 2014).

School district consolidation in Canada is driven by provincial education authorities looking for cost reductions, but in some cases, the trigger factor is eliminating local education authorities obstructing education initiatives. Provincial announcements authorizing educational restructuring, such as the 1996 **Ontario School Reduction Task Force**, justify the school district consolidation as a cost reduction measure and commit to redirecting any savings into the classroom (Ontario 1996). Declining student enrolments, demographic trends, out-migration, and duplicated functions are among the common factors cited in making the case for consolidation (Galway, Sheppard, Wiens and Brown 2013).

In some cases, such as **Prince Edward Island**, the prime justification is clarity of direction rather than any economic benefits. In October 2011, for example, the P.E.I. Education Governance Commission recognized that the evidence of "operational efficiencies and net savings" is mixed, based upon previous ventures in Prince Edward Island and elsewhere. "There is a risk," the Commission report recognized, "that any savings that may result from elimination of duplication in some areas could be offset. Initially by transition costs, and in the longer term by rising expenditures in other areas such as increased specialization and more hierarchy." (PEI Governance 2011).

Most American state governments are more explicit about the incentives used to nudge along the process of school district consolidation. The most common form of U.S. state policy is transition funding 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. The aid bonus from consolidation can be quite large. In the **State of New York**, consolidating districts may receive an increase in their basic operating aid of up to 40 percent for five years, with declining increases for an additional nine years.

On top of this aid, consolidating districts also may receive a 30 percent increase in building aid for projects initiated within 10 years of consolidation. Possibly as many as one-third of all American states, including some with consolidation bonuses, still maintain countervailing policies that provide support to school districts for "sparsity" (or low population density) or for small scale operations, factors that work against consolidation (Duncombe and Yinger 2010).

#### Forecasted Savings

(<https://educhatter.wordpress.com/2018/02/13/school-district-consolidation-where-are-the-actual-savings-and-potential-losses/schoolboardcostscbc2017/>) The prime justification for school district consolidation has long been that it is a way to cut costs. These cost savings arise, the argument goes, because the provision of education is characterized by economies of size, which exist whenever the cost of education per pupil declines as the number of pupils goes up. In this context, the cost of education is not the same as education spending but is instead the amount a school district would have to spend to obtain a given level of performance, as measured by test scores, graduation rates and perhaps other output measures. To put it another way, economies of size exist if spending on education per pupil declines as the number of pupils goes up, controlling for school district performance. Because consolidation creates larger school districts, it results in lower costs per pupil whenever economies of size exist (Duncombe and Yinger 2010).

Economies of size could arise for many reasons:

**Indivisibilities:** First, the school services provided to each student by certain education professionals may not diminish in quality as the number of students increases, at least over some range. All districts require a superintendent and the same central administration may be able to serve a significant range of enrollment with little change in total costs.

**Increased Dimension:** Second, education requires certain physical capital, such as a heating system and science laboratories, which require a certain scale to operate efficiently and therefore have a high cost per pupil in small districts.

Note: 2017 salaries include English school boards only



Total: 38 senior admin jobs  
\$4,783,554

SOURCE: CBC News

**Specialization:** Third, larger districts may be able to employ more specialized teachers, putting them in a better position to provide the wide range of courses required by public accountability systems and expected today by students and parents.

**Innovation and Learning:** Finally, teachers in larger districts have more colleagues on which to draw for advice and discussion, interactions that presumably lead to improved effectiveness (Duncombe and Yinger 2007, 2010).

### Potential Mitigating Factors

Popular assumptions about economies of size have been challenged by researchers focusing on the relationship between school and school district size and student performance and well-being. Rural education studies have demonstrated that the sizes of the school district and the high school are highly correlated and, in many cases, cost savings are rarely realized and larger schools can have detrimental impact upon student performance and engagement (Howley, Johnson and Petrie 2011 (<http://nepc.colorado.edu/publication/consolidation-schools-districts>)). Effective schools research also tends to show that small to moderate-sized schools are more successful than mega-schools at retaining students through to high school graduation (Howley 2002). Leading American experts on school district consolidation William Duncombe and John Yinger have found that extremely large districts (those enrolling 15,000 or more students—are likely to be fiscally inefficient because consolidation has proceeded beyond the point of a favourable cost-benefit ratio (Duncombe and Yinger 2005, 2010).



(<https://educhatter.wordpress.com/2018/02/13/school-district-consolidation-where-are-the-actual-savings-and-potential-losses/bullyproject/>). Four sources of potential diseconomies of size are:

**Higher Transportation Costs:** First, consolidated school districts usually make use of larger schools, which implies that average transportation distance must increase. As a result, consolidation might increase a district's transportation spending per pupil.

**Levelling Up of HR Costs:** Second, consolidating districts may level up

salaries and benefits to those of the most generous participating district, thereby raising personnel costs.

**Lowering of Staff Morale:** Third, administrators and teachers tend to have a more positive attitude toward work in smaller schools, which tend to have more flexible rules and procedures.

**Less Student and Parent Participation:** Finally, students can be more motivated and parents more comfortable to interact with teachers in smaller districts, which tend to have a greater community feel. These reactions and closer student-faculty relationships may result in higher student performance at any given spending level. Longer school bus rides have a detrimental impact upon student engagement and achievement.

Overall, the net impact of consolidation on education costs per pupil is *not always clear*. Consolidation of tiny school districts of 1,500 students or less is likely to tap into economies of size and thereby lower these costs, but, beyond those numbers, consolidation might actually cause costs per pupil to rise (Duncombe and Yinger 2010). The most recent [research literature review](http://nepc.colorado.edu/publication/consolidation-schools-districts), (<http://nepc.colorado.edu/publication/consolidation-schools-districts>) published in 2011 by the U.S. National Education Policy Center, concluded that "claims for educational benefits from systematic state-wide school and district consolidation are vastly overestimated and, beyond school districts of 1,500, have actually been maximized years ago" (Howley, Johnson and Petrie 2011).

**What happens to the projected savings forecasted in school district consolidation plans? How does the education finance process work to obscure and conceal the data required to conduct a thorough cost-benefit analysis? What mitigating factors arise to compromise or nullify the forecasted savings? Is it possible to assess the full extent of losses, financial and social, at the school level? What are the real lessons for those tempted to tackle education restructuring?**

Research conducted for this post is part of a larger project on *Restructuring Education* (Halifax: Atlantic Institute for Market Studies, 2018).

Posted in [Education Bureaucracy](#), [Educational Change](#), [Restructuring Education](#), [School Closures](#), [School District Consolidation](#), [Small School Research](#) | Tagged [Economies of scale](#), [Education Costs](#), [Financial Efficiency](#), [Levelling Up HR Costs](#), [Long School Bus Rides](#), [school closures](#), [School Consolidation](#), [School District Management](#) | 2 Comments

## 2 Responses

[School District Consolidation: Where are the Actual Savings and Potential Losses? | voicEd.ca](#)

[...] Read More [...]

on February 15, 2018 at 10:10 am | [Reply](#)



[What's really behind push to eliminate publicly funded Catholic education? - Grandin Media](#)

[...] success is not worth spending the extra money on, it would seem. (This is in spite of the fact that research done into the financial effects of merging school districts suggests that it might not save any money and in some cases is actually more [...])

on November 8, 2018 at 4:59 pm | [Reply](#)



