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KEY FACTS AND FIGURES

- New York’s rural school districts educate about 360,000 students
- Of 697 school districts in NYS in 2006, 299 are in rural areas and another 65 are in towns located in distant or remote locations.
- 7.5% of New York’s rural school students are minorities.
- 28.7% of rural students qualify for free or reduced price lunch.
- Since the year 2000, New York has lost 200,000 citizens every year due to out-migration from NYS.

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# Expanding the Options for Small Rural School Districts in New York State

Under Fiscal Stress and Demands for Greater Quality and Accountability

A combination of economic, educational, and social force have dramatically reduced the number of school districts across New York State and the nation over this past century. In 1910, New York State had more than 10,000 school districts. By 1980 the number had fallen to 737 and 698 operate in 2009.

While consolidation efforts seek to alleviate fiscal stress and/or provide enriched educational opportunities for students, consolidation plans frequently stir much controversy and debate. From one perspective, past and present state consolidation efforts have been incomplete, leaving many small schools and districts struggling to resolve untenable financial and educational issues. From another, the consolidation has gone too far resulting in the destruction of many local communities once they lose their local school.

Many states are now left with complicated

recommendations for consolidation, changes in state-aid mechanisms (e.g., sparsity and transportation aid), adjustments in per-pupil expenditures, newly calculated tax rates [what does this mean?], shared services, and distance learning.

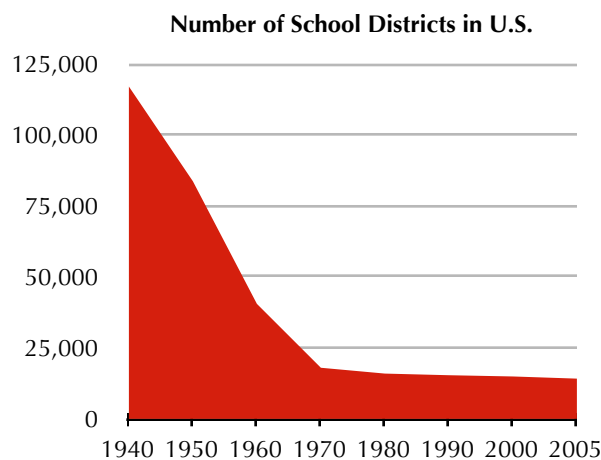
### NEW YORK STATE

Communities across the state are experiencing declining population, declining property values, increasing property tax rates, increasing healthcare and pension fund costs. Communities are also challenged to support improvements in their public schools to meet the new Regents Learning and Graduation Standards implemented in 2000 and federal requirements through the No Child Left Behind Act of 2002. Moreover, during the 2008 legislative session, a proposal to cap school property tax increases to 4% per year gained momentum. Finally, in December 2008, Governor Paterson accepted a final

report from the *Commission on Property Tax Relief*. This report recommends that all school districts with enrollments under 1000 students merge with another district in an effort to reduce the costs of the public education system.

This brief aims to broaden the current policy discussions in individual communities and in Albany beyond the polarizing choice of either increasing tax rates or merging with a neighboring school district. What other options are available to local

communities and their school districts? Rather than trying to provide a single best solution, this brief will serve to enrich the debate around these issues and improve state and local decision making regarding the future operation of New York’s small and rural schools.



reorganization scenarios based on geographic isolation, extended student commute time, and reduced student performance. Methods used by various states to address fiscal stress and broaden educational opportunities include state-enacted legislation mandating school consolidation, state-supported

## Broadening the Conversation: Strategies from Across the Nation

### Fiscal Stress

#### Mandated Consolidation

States, namely Maine and Arkansas, enacted legislation addressing consolidation. Maine requires districts to be reorganized into districts of at least 2500 students (a few exceptions including high-performing schools or particularly isolated districts). The goal of this legislation was to decrease the number of school districts from 290 to no more than 80. Specifically, the law called for the formation of reorganization planning committees (RPC's). The RPC's determine the structure, including composition of a school board and voting methods, of the new Regional School Unit (RSU). The RSU functions as the new consolidated district. The state may suggest which units should align; however, it is ultimately a local decision. All reorganization plans are subject to voter approval in each local community. In 2004, Arkansas passed legislation requiring all districts with fewer than 350 students be consolidated with another district. Districts were given two months to outline a plan of partnership, with final approval resting with the State Board of Education. As a result, 57 school districts were closed.

#### State Recommendations for Consolidation

Some states offer policy guidance on consolidation methods for schools and/or districts, but do not mandate it. Utah allows for consolidation either a by a vote school boards of both affected districts or by the voters of both districts. Following a consolidation in Utah the affected districts receive funding as if they were still separate entities for 5 years, at which point they begin receiving state funding as a single district. Similarly, in Washington State a suggestion for consolidation can be made by either the school board or a citizen. A petition must be signed by at least 10% of the population of the affected districts, followed by a vote on the issue in each of the districts, which is passed by a simple majority. Michigan law includes seven methods by which schools districts can reorganize, but are not mandated to do so. These include intra-district reorganization, consolidation, annexation, annexation and transfer, property transfer, division of a district, and dissolution. Some methods require the approval of voters within the district while others require one district's territory to be subsumed into another district.

#### Policies that Increase Pressure to Consolidate

Certain policies indirectly affect consolidation. For example, in West Virginia the School Building Authority (SBA) was formed in 1989 to issue school building aid. By not giving grants to schools below enrollment limits, 340 for grades 1-6 or 800 for 9-12, it resulted in increased pressure to consolidate. In Nevada, school districts currently face state-mandated 5% budget cuts. The Nevada Policy Research Institute recommends consolidation as strategy to address budget cuts being felt state-wide.

#### Policies that Reduce Pressure to Consolidate

Other policies have the effect of maintaining small schools and districts. For example, transportation time limits were passed in West Virginia prohibiting elementary children from being on a bus for more than 30 minutes one-way, middle school 45 minutes, and high school 60 minutes. Many states provide additional aid to schools under a certain size: Alaska, 250; Idaho, 300; North Dakota, 75; South Dakota 200. In these examples, states use an adjusted enrollment figure to drive increased aid to small districts. In Idaho, salary assistance is allotted for every 12 students in small

districts rather than every 30 in larger districts. Other states offer additional transportation aid to geographically isolated schools based on their distance from another school: Arkansas, 12 miles; Minnesota, 19 miles; Oregon, 8 miles for K-8 schools. In Texas, transportation aid is calculated including a measure for linear scarcity, which is a ratio of the number of children transported and the mileage traveled. All of these measures suggest that small and isolated schools commonly require additional funding to meet the needs of their students.

### Educational Quality and Opportunity

#### Shared Services

Most states recommend the sharing of services as a way to reduce administrative costs and gain scale economies; Shared services can also improve educational program. In Indiana and Washington State, the states induce shared services by providing incentive aid only to districts in cooperatives. In both states, shared services arrangements can be formed when two entities agree to share services such as vocational-technical training, mentoring programs, or services for students with disabilities. Similar to NY's BOCES network, intermediate-level systems provide services to multiple districts. Iowa's Area Education Agencies provide services to multiple districts including support to students, families, educators, and communities. Other shared services in Kansas include administrative, computing, payroll and auditing, legal services, and grant management is encouraged. Under consideration in Minnesota is a bill that would require districts to share food service costs, purchasing of supplies, and insurance costs.

#### Distance Learning

Distance learning opportunities can be used by small districts enhance their educational offerings. In Tennessee, the state has partnered with Apple, Inc. in order to create an electronic learning center with dedicated sites on iTunes U, which is used by teachers for professional development and lesson planning and by students for accessing lessons, homework help, and study skills information. Idaho offers AP classes and mentoring programs through an on-line high school called iSucceed Virtual High School. The High School offers more AP classes than any other traditional high school state-wide and directs students towards rural students or those with health or physical challenges. The Michigan Dept. of Education supports distance learning and virtual high schools. Courses are subject to requirements including approval by the local school board and student eligibility requirements.

### CONCLUSION

New York State's small and rural school districts are faced with unprecedented challenges. Improving academic and extracurricular programs while keeping property tax levies in check is becoming more and more challenging. It is not hard to see how pressure to merge programs, services, districts, and schools is growing. Attention must be paid to the mechanisms to fund rural schools, alternatives to merger where the costs to merger outweigh the benefits, and finally to places where mergers make sense. New York State should consider these alternatives used in other states to meet local fiscal and educational needs.

### FURTHER INFORMATION

For more examples of organizational, fiscal, and programmatic strategies that encourage or reduce the need to merge school districts, see the website of the *New York State Center for Rural Schools*.