Illinois Public School District Consolidation
A Tiered Approach

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This policy brief reviews the arguments for and against school district consolidation and the research regarding consolidation effects, with data specific to school districts in Illinois. A tiered approach to studying consolidation potential is presented as a viable option for policymakers to consider.

Perceptions about Consolidation

Over the past few decades, researchers have identified how people perceive the benefits and liabilities of consolidated districts versus independent districts.[i]

	Perceived Benefits	Perceived Liabilities
Consolidated Districts	• More efficient use of public funds through economies of scale and less administrative cost • Lower per-pupil costs • Expanded curriculum • Expanded extra-curricular activities • Higher salaries/benefits for teachers • More specialized teachers and staff • Better instructional materials and equipment • More resources for advanced and special needs students • Greater cultural diversity • Lower teacher turnover • State consolidation funding incentives	• Higher transportation costs and time lost to busing • Less parent-teacher interaction • Less community support for schools and education bond issues • Adverse community economic consequences: lower housing values, more pressure on property tax base • Declines in enrollment over time • Failure to achieve significant long-term savings from economies of scale • Increase power of teacher unions • Significant one-time costs: signage, uniforms, stationary, websites • Diseconomies if consolidated district is too large
Independent Districts	• Community pride and identity • More responsive to needs of individual students • Closer relationships among students, teachers and staff • More family-teacher interaction • Less bureaucracy/fewer management problems • Less transportation costs and time • Local control over policies and curriculum • Greater sense of loyalty and belonging, with more positive student attitudes and leadership skills • Fewer disciplinary problems • Higher graduation rates; lower dropout rates	• Higher per-pupil costs • Limited curriculum offerings • Limited extracurricular offerings • Less scheduling flexibility for students and teachers • Fewer opportunities for professional development and interactions among teachers • Fewer/lower quality instructional supplies and equipment • Lower expectations for student learning • Heavier teaching loads, more non-teaching assignments, and higher teacher turnover • Too few students in grade levels for healthy competition

What Does the Research Say?

How real are peoples' perceptions of the pros and cons of consolidation? When research is conducted to determine the accuracy of these perceptions, the following findings emerge:

Economies of Scale[ii]

- When student performance is held constant, research indicates that consolidation will be likely to lower costs of two 300-pupil districts by slightly more than 20%; it will lower costs of two 900-pupil districts by about 8%; and it will have little impact on costs of two 1500-pupil districts.
- Capital costs are lowered only when consolidating relatively small districts; capital costs increase when consolidating districts of 1500 pupils or more.
- Two inefficient districts combined do not necessarily create one efficient district.
- Expenditure per student rises when district size falls below 750 students.
- The larger the school district, the more resources devoted to secondary/non-essential activities.
- While consolidation reduces costs in the short term, these reductions are replaced in the long term with new expenditures, such as expanded administrative, supervisory and specialized staff.
- For high schools, as enrollments increase, cost per student decreases; however, in very large high schools (1000+), costs per student rise again due the need for more supervisory staff.
- Costs for elementary students remain unchanged with increased enrollments.

Student Performance[iii]

- For low-income students, as district size increases, student achievement decreases.
- Research indicates that student achievement in smaller schools is equal or better to that of students in large schools. None of the research finds large school achievement to be superior to small school achievement.
- Increasing the size of elementary schools lowers student achievement significantly.
- Student in smaller schools show lower rates of negative social behaviors.
- Dropout rates are lower and graduation rates are higher in smaller schools.
- Achievement effects are especially strong for minority and low-income students, who score higher on standardized tests when they attend small schools.

Curriculum, Instruction, and Extracurricular Activities[iv]

- There is no reliable relationship between school size and curriculum *quality*. However, curriculum *variety* increases slightly (17%) with a doubling of high school enrollment.
- Claims that larger schools prepare students better for college have been disproved; research shows that small schools are equal or superior to large schools in their ability to prepare students for college admission and completion.
- Students in large schools are more polarized, with a group of active extracurricular participants at one end of the continuum and a large group of students not participating in any extracurricular activities at the other. In small schools, few students do not participate in any extracurriculars.

The research on consolidation can be summarized as follows:

- Economies of scale are greatest when small districts merge; as districts get larger, at some point the economies plateau and then expenses rise with increasing district complexity.
- Student performance is equal or better in small schools.
- Other considerations besides finances should be part of consolidation deliberations.

The Illinois School District Landscape

Currently (2011), Illinois has a total of 868 public school districts of three types: unit districts (K-12), elementary districts (K-8), and high school districts (9-12). In general, elementary district students "feed into" designated high school districts, a configuration known as a "dual district" system. Dual districts are most prevalent in suburban Cook and the surrounding collar counties and in Central and Southern Illinois. For such feeder systems, elementary and high school boundaries are not always contiguous; some elementary districts feed their students into two different high school districts. In 2009-2010, there were a total of 379 elementary districts, 100 high school districts, and 389 unit districts in the state. The Illinois State Board of Education classifies districts from ***large*** (largest 25%) to ***medium*** (middle 50%) to ***small*** (smallest 25%).

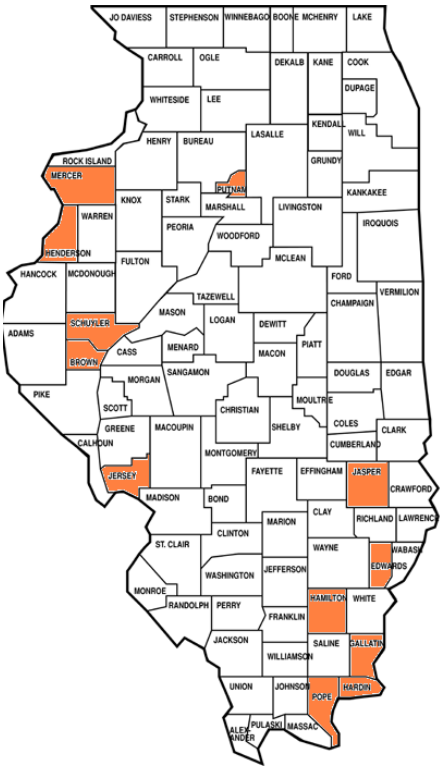
Illinois School Districts by Type and Size (2009-2010)

	Large	Medium	Small
Unit	100	197	104
Elementary	95	184	98
High School	25	50	25

Of the 868 districts, only 12 are county-wide districts, all of which are unit districts. These are generally located in rural counties with no large or mid-size cities. Each is listed and displayed on the map below along with the number of students served in the 2009-2010 school year:[v]

County Districts in Illinois

- Brown County CUSD 1 (781)*
- Edwards County CUSD 1 (978)
- Gallatin County CUSD 7 (721)
- Hamilton County CUSD 10 (1209)
- Hardin County CUSD 1 (616)
- Henderson County West Central CUSD 235 (961)
- Jasper County CUD 1 (1400)**
- Jersey County CUSD 100 (2838)
- Mercer County SD 404 (1366)
- Pope County CUD 1 (554)
- Putnam County CUSD 445 (932)
- Schuyler County
  Schuyler-Industry CUSD 5 (1220)



*CUSD = Community Unit School District
**CUD = Community Unit District

A Tiered Approach to District Consolidation

The research tells us that consolidation is not a "one size fits all" proposition. Sometimes it makes fiscal and educational sense to consolidate, and sometimes it does not. If a state District Consolidation Study Commission is established, it will be possible to take a multi-tiered approach to the question of consolidation, taking into consideration *both* educational and financial issues. Districts can potentially be divided into four tiers to study the relevance and/or utility of consolidation.

Potential Consolidation Study Tiers

Study Tier 1: Sustained Academic and Financial Difficulty[1] (30 Districts)

Multi-year placement on both the state academic and financial improvement lists would trigger designation in Tier 1. Districts that perennially battle both academic and financial challenges may be unable to adequately serve their students. It is possible that consolidation, new cross-district administrative collaborations, or dissolution (which would close the district and redistribute students to other districts) should be considered.

Study Tier 2: Medium and Small Districts in Financial Difficulty (60 districts)

Those districts designated by the State Board of Education as "medium" and "small" and which have multi-year placement on the state's financial watch list may be studied for potential consolidation, collaborative administration, and/or dissolution in Tier 2. Counties with a small number of small districts may also benefit from placement in Tier 2 and an accompanying study of consolidation costs and benefits.

Study Tier 3: Dual Districts in Academic and/or Financial Difficulty (40 districts)

Dual districts in academic and/or financial difficulty could potentially benefit from conversion to a consolidated unit district or from collaborative administration, and would form Tier 3.

Study Tier 4: Districts with No Academic or Financial Difficulties

Tier 4 would consist of those districts that perennially exhibit strong academic performance and/or growth and that maintain sound financial status. These factors indicate efficient and effective operations. As such, they should not be subject to state scrutiny regarding consolidation or dissolution. Such decisions would remain local. This tier could provide valuable information regarding effective educational and financial practices.

Establishing these tiers requires clear definitions of eligibility—or placement criteria—for each tier. Existing state incentives for consolidation should be examined by the Commission for their applicability to each tier. Additional considerations besides academic and fiscal performance should also be considered, such as potential increases in travel time and costs, projected cost savings (or lack thereof) predicted by the consolidation research, effects on tax rates, and

[1] Numbers of districts provided for the proposed tiers are approximate, based on Illinois State Board of Education data for 2010-2011.

economic effects on communities (such as may occur with the closing of a school as the result of a consolidation process). Each district and each situation is different. A tiered approach based on data and research is far preferable to a one-size "solution" that may have unintended consequences for students, families, and entire communities.

Discussion

There is a general assumption that when it comes to school districts, "bigger is better." People believe that economies of scale will always result when smaller districts merge to form larger ones. However, the research on school consolidation indicates that many factors influence school finance and performance, with size being only one factor. In fact, economies of scale that do result from some small district mergers are diminished or absent in larger district consolidations. Research also reveals that larger schools and districts may disproportionately disadvantage low-income and minority students. If bigger were always better, then Illinois' largest school districts would perennially operate in the black and exhibit the highest student performance. Obviously, this is not the case.

With these cautions in mind, it is still possible that higher-quality academic programs and greater fiscal efficiencies could result from targeted and thoughtfully planned consolidations. Especially for districts that are currently struggling academically and financially, and for those districts that serve relatively few students, consolidation may be an attractive proposition. For example, in ten counties, multiple school districts serve fewer than 2,000 students in each county. For dual districts, questions may arise regarding duplicative administration and potential problems with coordination of curriculum and learning across districts and grade levels.

A District Consolidation Study Commission established at the state level could provide meaningful analysis of consolidation options for districts identified as being in academic and/or financial difficulty and could serve as an important research and policy resource for the Illinois State Board of Education. Taking a tiered approach, in which districts are grouped by their academic, financial, and/or structural similarities, makes more sense than a one-size-fits-all approach that could trigger many unintended consequences. Criteria for placement in the tiers should be developed based on research and School Report Card data.

The Commission should also review the current consolidation incentives in Illinois law. These include eliminating negative fund balances and providing teacher salary incentives over a period of years. The incentive system is part of the equation of school consolidation costs and benefits, and must be analyzed as part of a comprehensive and deliberative approach to consolidation policy and processes. For example, state aid weighting in favor of unit district configurations might serve as a dual district consolidation incentive.

It is important to continuously explore ways to improve Illinois public education. It is also important to understand the many factors that influence our public education system, and to take an informed and comprehensive view when planning improvements. Stating that wholesale district consolidations will automatically result in cost savings and school improvements is both naïve and irresponsible. Instead, a thoughtful process of research, deliberation, and cooperative planning is much more likely to produce both the savings and the academic performance the state seeks to foster.

References

[i] Adapted from Young, E. & Green, H.A. (2005). School system consolidation. *Staff Education Brief Number 8,* Tennessee Advisory Committee on Intergovernmental Relations.

[ii] Findings are from the following sources:

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[v] All district data were obtained from Illinois State Report Card data, Illinois State Board of Education.