



ACT 60

Interim study committee report

History & Goals of ACT 60

- ACT 60 resulted from the passage of HB1109 by the 84th General Assembly in the Second Extraordinary Session of 2003
- ACT 60 requires that districts whose average daily membership falls below 350 students for two consecutive years to be consolidated
- The 350 threshold represents a political compromise; no research finds that this threshold positively impacts fiscal efficiency or academic performance
- "Receiving" schools were given financial incentives from the state and assumed all monetary balances, if any, in the consolidated schools accounts

History & Goals of ACT 60

- The stated legislative purpose was “to ensure the delivery of an equal opportunity for an adequate education to the people of Arkansas in an efficient and effective manner”
- The bill also stated that the state board found that consolidation or annexation will
 - “result in the overall improvement in the educational benefit to students in all of the school districts involved; or
 - Provide a significant advantage in transportation costs or service to all of the school districts involved.”

Consolidation of Schools & Districts

What the Research Says and What it Means

National Education Policy Center 2011

- This report, published by NEPC in 2011, is based on review and analysis of over 75 different studies on school consolidation from 1915 through 2010
- Literature includes both *econometric studies* and *school quality studies*
- Arguments for consolidation rest primarily on two presumed benefits
 - Fiscal efficiency
 - Higher educational quality

Consolidation of Schools & Districts

What the Research Says and What it Means

National Education Policy Center 2011

Findings

- “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; the assumptions behind such claims are most often dangerous oversimplifications”

Consolidation of Schools & Districts

What the Research Says and What it Means

National Education Policy Center 2011

Findings (continued)

- “Claims for educational benefits from systematic statewide school and district consolidation are vastly overestimated and have already been maximized”
- “Which deconsolidation's would likely produce improvement can be judged only on a case by case basis, with attention to the devilish details that sweeping state policies cannot provide”

Consolidation of Schools & Districts

What the Research Says and What it Means

National Education Policy Center 2011

Findings (continued)

- “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 crises, rather than substantive fiscal or educational purposes”

Consolidation of Schools & Districts

What the Research Says and What it Means

National Education Policy Center 2011

Recommendations

- “Closely question claims about presumed benefits of consolidation in your state”
- **“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”
- “Investigate deconsolidation as a means for improving fiscal efficiency and improving learning outcomes”

Actual Impact of School Consolidation on Costs

- ▶ For consolidations that occurred in 2005, 34 (74%) had increased transportation costs in the year following consolidation and 12 (26%) had decreased transportation costs.
- ▶ All of the consolidations that have occurred since 2005 have had increased transportation costs in the year following consolidation.
- ▶ No record that documents any other cost savings

ACT 1288 of 2013



- ▶ ACT 1288 resulted from passage of HB 2095 sponsored by Representative Murdock
- ▶ Results presented to Joint Education Committee at August 2014 meeting
 - ▶ Period of time traveled one-way for a student on each route ranges from 3 minutes to 2 hours and 47 minutes; mean = 49.4 minutes
 - ▶ First pick-up ranges from 5:45 to 8:17 am; mean = 6:51 am
 - ▶ Average bus capacity = 68 passengers
 - ▶ Average ridership = 48 passengers
- ▶ Long travel time limits rural student participation in extracurricular and family activities



Impact of Matrix Funding Model on Actual Transportation Costs for Rural Arkansas Schools



School District	2010 Matrix Funding	2010 Actual Expenditures	\$ Diverted From Other Needs
Weiner	\$95,162	\$129,722	\$34,560
Harrisburg	\$334,402	\$370,239	\$35,837

Impact of Categorical Funding Model on Transportation Costs for Rural Arkansas Schools



School District	2010 Categorical Funding Model	2010 Actual Expenditures	Variance
Weiner	\$202,000	\$129,722	+\$72,278
Harrisburg	\$312,000	\$370,239	-\$58,239

QUESTION: If transportation funding were based on riders and route miles, could that reduce the number of small school districts that are in fiscal distress?

QUESTION: If transportation funding were based on riders and route miles, could the additional dollars available for education activities in small school districts positively impact student academic performance?

Other Costs Related to ACT 60? Incentive Payments

Receiving schools are paid "consolidation incentives" to accept consolidation of other schools into their districts

- According to the rules established with ACT 60
"Consolidation/annexation incentive funding shall be distributed to either the resulting district(s) established after consolidation or the receiving district(s) after annexation
- Between 2005 and 2012, 64 schools received a combined total of **\$77.2 million in incentive payments**; for an average of just over \$1.1 million/year

Other Costs Related to ACT 60? Incentive Payments

- After the Weiner and Harrisburg school districts consolidated, Harrisburg received \$2,710,350 in incentive payments
- This \$2,710,350 of incentive funds received by the Harrisburg District equals **\$7,925 per student** for the 342 students in the Weiner District at the time of consolidation
- These incentives are in addition to the regular adequacy funding that the Harrisburg District received for each new Weiner student who transferred
- Harrisburg also assumed from the former Weiner District \$403,371 in cash investments and \$263,418 in property tax receivables

School Closures Under ACT 60 To Date

- While ACT 60 specified no schools were to be closed the first year, the majority of district consolidations have led to school closings: since passage of ACT 60
 - 75 districts have been eliminated
 - 44 elementary schools have closed
 - 53 high schools have closed
 - About two thirds of students in consolidated districts qualified for FRL compared with about half of students in non-consolidated districts



Academic Performance of "At Risk" Schools

University of Arkansas Office for Education Policy, September 2010

Benchmark Scores of 21 "At-Risk" Schools Compared with State Averages

- 5 of the "At-Risk" Schools scored higher than the state average on all 3 Benchmark Exams: Math, Literacy, Science
- 3 "At-Risk" Schools scored higher than the state average on 2 of the 3 Benchmark Exams
- More Weiner students scored proficient or advanced in all three subject areas than Harrisburg students; the district into which Weiner was consolidated

Academic Performance of "At Risk" Schools

University of Arkansas Office for Education Policy, September 2010

End of Course Exam Scores of 21 "At-Risk" Schools Compared with State Averages

- 4 of the "At-Risk" Schools scored higher than the state average on all 4 of the End of Course Exams: Algebra, Geometry, Literacy & Biology
- 2 "At-Risk" Schools scored higher than the state average on 3 of the 4 End of Course Exams
- The Viola, Norfolk and Calico Rock School Districts scored higher than the state averages on all 7 categories in both the Benchmark and End of Course Exams

What About Lakeview?

Will Repeal of ACT 60 Trigger Lawsuits?

From the Closing Statement of the May 2007 Court Decision That Released the State From the Lakeview Case

- "What is especially meaningful to this court is the Masters' finding that *constitutional compliance in the field of education is an ongoing task requiring constant study, review, and adjustment.*"

Recommended Action



- ▶ Repeal ACT 60
 - ▶ Repeal would have no impact on closing schools based on academic distress, fiscal distress, facilities distress or loss of accreditation
- ▶ Move transportation funding from the matrix to categorical funding based on ridership and route miles to strengthen rural schools with a 2-3 year transition for negatively impacted schools
 - ▶ About 2/3 of schools would receive more funding
- ▶ Selectively restore school districts which are able to operate quality schools and maintain fiscal health