



SCHOOL DISTRICT CONSOLIDATION IN ARKANSAS

Summary

In response to an Arkansas Supreme Court order to alter the state's school funding system, Gov. Mike Huckabee and others have proposed consolidating many small school districts. This report analyzes financial and academic data of all Arkansas districts and evaluates several approaches to consolidation.

Small school districts in Arkansas accomplish more with less money in more difficult circumstances than do large districts. Nearly two thirds of small districts spend less per student than the state average. Both small and large districts that spend above average serve, on average, a student population that is more at risk of failing to complete high school or to achieve high academic standards than do other districts. Moreover, large districts are more likely to be academically low performing than are small districts. More students—both in number and proportion—attend large districts that either spend above the state average or perform academically below the state average than attend small districts that spend above average or perform below average. These results are essentially the same whether a “small” district is defined as one with fewer than 1,500 students or one with fewer than 700 students.

If low academic performance is used to target districts for consolidation, the impacts will be concentrated on the poorest communities with the highest percentage of African American students, especially in the Delta region of the state. Such a strategy flies in the face of scientific research that shows children from impoverished communities do their best in small schools and small districts.

The problem in Arkansas is not the size of districts, but poverty, the persistent effects of racial discrimination, and a school funding system whose inequities and inadequacies exacerbate those problems. For rural Arkansas, the best course is to improve schools in the small districts serving the poorest communities in the state.

Arkansas has been locked in a debate about school district consolidation. There are proposals to base consolidation of districts on numbers of students alone, on inefficient spending, and on poor student performance. This report considers the impact of various approaches to consolidation. The data from this report are from the Arkansas Department of Education, the University of Arkansas-Fayetteville, and the National Center for Education Statistics for the school year 2001-2002.¹

¹ Arkansas Department of Education Statewide Information System (SIS), update version 3/18/03. All data from the school year 2001-2002. The achievement data were computed from 2001-2002 Arkansas Comprehensive Testing, Accountability, and Assessment Program scores reported by the Office of Research, Measurement, and Evaluation, University of Arkansas-Fayetteville. The poverty rate is the percent of students receiving free or reduced price meals in school year 2001-2002 as reported in the Common Core of Data, National Center for Education Statistics, United States Department of Education.

One approach under consideration is to require consolidation of all districts with fewer than 1,500 students.² This would affect 234 districts. Only 76 districts have more than 1,500 students (Table 1).³

Compared to the 76 large districts, the 234 small districts:

- Have a higher proportion of students in poverty
- Spend less per student⁴
- Have a much smaller property tax base per student.

Despite their relative poverty and low wealth, the small districts:

- Have a smaller percentage than do the large districts of students scoring below the basic achievement level on the state’s academic tests, and
- Graduate a higher percentage of students than do the large districts

Table 1. Characteristics of Large and Small Districts (above and below 1,500 Students)

District	Percent Poverty	Spending per Student	Property Valuation Per Student	Percent Students Scoring Below Basic	Graduation Rate (percent)
Large Districts	47	\$5,646	57,620	0.373	85
Small Districts	53	5,324	55,166	0.351	86
All Districts	49	5,542	56,824	0.366	85

In short, Arkansas’ small districts do more with less and in more difficult circumstances than do its large districts. This reality has forced consolidation opponents away from the arbitrary “numbers alone” approach.

Instead, there have been alternative proposals to single out for consolidation only small districts that spend above the state average per pupil, or those whose students perform poorly on state tests, or those that cannot offer more courses than now required by the state.

The problem is, the alternative approaches to consolidation are just as irrational as the “numbers alone” approach. And worse, the alternative approaches disproportionately affect poor and African American communities. These are precisely the communities that scientific research shows get best academic performance from small schools.

² In this report, the terms “student” and “pupil” refer to Average Daily Membership, or ADM.

³ . For the 2001-2002 school year there were 310 Arkansas school districts. This analysis is based on that number of districts unless otherwise noted. Property valuation figures cited here exclude the Witts Springs and Hackett districts, both of which have very few students and extremely high property valuation. The Witts Spring district no longer exists.

⁴ Per student spending in this report is defined as the state of Arkansas defines in its “Financial Analysis and Accountability Report” for each school district. It excludes certain expenditures, most significantly federal Title I and Title VI, facilities acquisition or construction, most equipment, food service and student activities.

The “Inefficiency” Approach

Suppose Arkansas consolidated only those districts with fewer than 1,500 students that spend above the state average per pupil per year, figuring that these districts must be “inefficient”? Table 2 presents data using this approach.

Table 2. Districts That Spend Above and Below the State Average Per Student.

District	Spending Category	No. Districts	Total Enrollment	Spending Per Student	Percent Poverty	Percent African American	Percent Students Scoring Below Basic
All Districts		310	444,694	\$5,542	49	23	37
Large Districts	Above Average Spending	19	111,254	6,606	54	45	44
	Below Average Spending	57	189,189	5,082	42	18	33
Small Districts	Above Average Spending	84	32,036	6,272	67	34	43
	Below Average Spending	150	112,215	5,053	49	7	33

Nearly two-thirds of the small districts in the state (150 of 234) would be spared consolidation using the inefficiency approach because they are “efficient” districts that spend less than the state average per student. In fact, over three-quarters of the students attending small districts are in “efficient” districts. By contrast, only 63 percent of students attending large districts are in districts that spend below the state average per student.

There are 84 small districts that spend more than the state average per student. They serve 32,036 students. These districts spent \$6,272 per student in the 2001-2002 school year. Collectively, they spent over \$200 million “inefficiently.”

However, 19 large districts also spent above the state average per student. In fact, they spent \$6,606 per student, even more than the high-spending small districts. And they did not get better academic results than the small districts, despite serving a population of students that was less impoverished than that served by the small districts. These large inefficient districts, which serve over 111,000 students, spent nearly \$735 million “inefficiently,” if you apply the same label to them that consolidation proponents apply to small districts.

But although the 84 small districts spend above the state average, they spend less per student than the 19 large districts, serve a poorer population, and yet get a higher percentage of their students to score at the basic achievement level or higher on state tests.

In fact, if high spending is the problem that forced reorganizing of Arkansas school districts is supposed to solve, it would be more cost-effective to break up big districts than to consolidate small ones. How much more effective? If spending per student on the 32,036 students who attend the “inefficient” small districts were reduced to the state average spending level, \$23.4 million would be saved. But if spending per student on the 111,254 students attending the 19 “inefficient” large districts were reduced to the state average, \$118.4 million would be saved.

The truth is that the “inefficiency” label doesn’t fit either group of districts. Spending above average is not necessarily a sign of inefficiency at all. That’s because it costs more to meet state academic standards and to provide an equal educational opportunity to children who live in poverty or in communities where many adults do not have a formal education themselves, or who face other disadvantages. In Arkansas, both large and small districts that spend above the state average serve a disproportionately poor and African American student population.

The small districts that spend above average serve a student population that has a poverty rate one-third higher than the state average. More than one-third of their students are African American. Despite their high poverty rate, these schools spend only 13 percent more per pupil than the state average. They probably do not spend enough to address the challenges they face in overcoming the negative effects of poverty and persistent discrimination.

Spending by the Large, Wealthy Districts Compared to the Small, Poor Districts

High spending is largely a matter of local wealth. That is a big part of what is unconstitutional about Arkansas’ school funding system. Some consolidation proponents have suggested that consolidation will prevail when the larger and wealthier districts realize how much they are paying to keep small, poor districts afloat. Do the large and wealthy districts actually subsidize the small and poor districts?

There are 29 districts in Arkansas that have more than 1,500 students and have more property per student on the tax rolls than the average district in the state. These 29 large and wealthy districts include Bentonville, Conway, El Dorado, Fayetteville Hot Springs, Rogers, and Springdale, and many others. Together, these 29 districts receive more than \$425 million in state aid.

By contrast, there are 188 districts in the state that have fewer than 1,500 students and less property valuation per student to tax than the average district. These include Clarendon, Eudora, Fourche Valley, Lake View, Mountain View, Mulberry, Prescott, and many, many others. These districts have less than half the property tax base per student compared to the large and wealthy districts. Collectively, they receive less than \$434 million in aid, very little more than the 29 large and wealthy districts.

To be sure, state aid to these 188 small and poor districts amounts to \$735 more per student than the large and wealthy districts get. But does that make up for their impoverished local tax base? Apparently not. The 29 large and wealthy districts are able to spend more than \$6,000 per student, while the 188

small and poor can only muster less than \$5,300, even with the greater state aid. This is the inequity that the state’s courts saw.

Table 3. The Large and Wealthy vs. the Small and Poor

District Type	No. Districts	Total Enrollment	Percent Poverty	Property Valuation per Student	Total State Aid	State Aid Per Student	Per Pupil Spending	Percent Students Scoring Below Basic
Small and Poor	188	118,930	54	\$38,054	\$433,717,939	\$4,192	\$5,279	35
Big and Wealthy	29	157,227	44	76,122	425,379,610	3,457	6,019	36

Ironically, the 188 small and poor districts actually get a slightly higher percentage of their students to the basic or better level of achievement on state tests than do the large and the wealthy districts.

The bottom line: The inequities in Arkansas’ school funding system are real. The small and poor districts are not “inefficient,” but they are under-funded.

The “Low Performance” Approach

Another approach to district consolidation is to single out small districts whose students do not perform well on state tests.

There are 104 districts in which the percentage of students who score below “basic” exceeds the state average of 37 percent. Table 4 breaks these districts down into four categories based on their size and just how low their students’ performance is.

“Low performance” is more typical of large districts than of small districts.

Twenty-eight of the low performing districts are large districts. Of these 28 large districts, 17 are categorized in Table 4 as “low performing” (between 38% and 50% of their students score below basic) and 11 are “very low performing” (more than half of their students achieve below the basic level). Each of these groups of large districts serves more than 60,000 students. The very low performing large districts, however, have a substantially higher poverty rate and a much higher African American enrollment than do other large districts.

Table 4. Low and Very Low Performing Districts

District Size Category	Performance Category	No. Districts	Total Enrollment	Percent Poverty	Percent African American
Large Districts	Low Performing (51 to 62 % score “basic” or better)	17	62,760	53	43
	Very Low Performing (Fewer than 50% score “basic” or better)	11	61,102	63	72
Small Districts	Low Performing (51 to 62 % score “basic” or better)	49	26,301	56	22
	Very Low Performing (Fewer than 50% score “basic” or better)	27	11,577	81	74

Seventy-six of the low performing districts are small districts. This includes 49 “low performing” and 27 “very low performing” small districts. Less than one-third of the students attending these districts attend districts that fall into the very low performing category, however. Only 11,577 students attend school in very low performing small districts.

In all, there are more than three times as many students attending low and very low performing *large* districts as there are attending low and very low performing *small* districts (nearly 124,000 students in large districts compared to 38,000 in small districts). There are also more than three times as many students who score below basic in these low and very low performing large districts as there are in low and very low performing small districts (59,453 students in the large districts compared to 18,256 in the small).

There are more than five times as many students attending very low performing large districts as there are attending very low performing small districts (61,102 students in the large districts, compared to 11,577 in the small).

In fact, 20 percent of all students who attend all large districts are in *very low* performing districts. Only eight percent of students who attend small districts are in *very low* performing districts.

Even if consolidating small, very low performing districts did raise test scores of students in those districts, it would have little impact on overall statewide academic performance, since those 27 districts provide education to only 4.2 percent of the students who score below basic in all the public schools in Arkansas.

The Achievement Gap

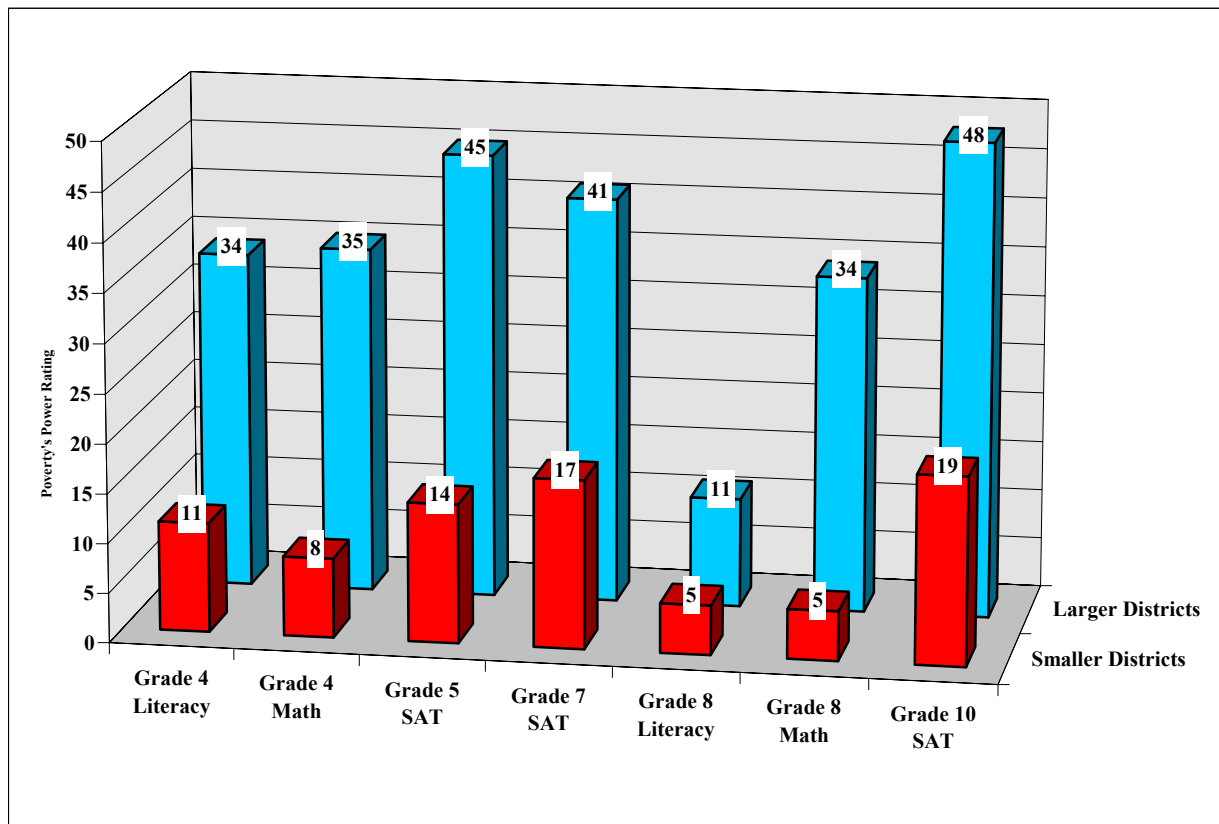
Like many other states, Arkansas suffers an achievement gap between the test scores of more affluent and less affluent groups of students, and between white students and others, particularly African American students. It is significant that approaching consolidation based on very low student achievement in small districts would concentrate the impact on the poorest communities with the highest percentage of African American enrollment.

Eighty-one percent of the students in the 27 very low performing small districts are poor and 74 percent of are African American.

Consolidating these districts to improve test scores would likely be counter-productive, according to results from many studies, including a recent one in Arkansas. An accumulation of evidence from scientific research in more than half a dozen states, including Arkansas, Texas, and Georgia, show that the well-known negative impact that poverty has on student achievement is stronger in larger schools. The poorer the community served by a school, the smaller the school should be to maximize student performance.

The Arkansas study indicates that on seven standardized tests, the correlation between test scores in a district and the level of poverty among the students in the district was at least twice as strong—and as much as seven times as strong—in larger districts than in smaller ones. Poverty’s power over achievement was weaker in smaller districts (Figure 1).

Figure 1. Poverty’s Power Over Achievement



The same relationships were evident in schools as well as districts, and significantly, smaller schools weakened poverty’s grip over achievement more if they were part of smaller districts than if they were part of larger districts.

Lowering the Consolidation Bar to 700 Students

There has been recent discussion of lowering the minimum number of students a district needs to escape consolidation to 700. This is approximately the number of students a district would have if it had 210 students in its high school—the number of students consultants to the state suggest might be needed to justify the staffing needed to teach the 38.5 units required by the state’s current accreditation standards. Tables 5 and 6 present data on districts with more than and fewer than 700 students.

“Inefficient” Approach

A consolidation approach that targets districts with fewer than 700 students and “inefficient” spending (that is, districts with above the state average per student spending) would affect 73 of the 103 districts that spend above average. The other 30 are large districts.

The 73 high spending *small* districts actually spend less per student than the 30 high spending *large* districts, despite having a higher percentage of poverty among their students. And although they spend less on a more impoverished student population, the high spending small districts produce a smaller percentage of students who fail to achieve at least the basic level on state tests.

More than 120,000 students attend large districts that spend above the state average per student. Fewer than 23,000 students attend small districts that spend above the state average per student.

Table 5. Arkansas Large Districts and Small Districts (700 ADM) With Above- And Below-Average Per Pupil Spending (Net Current Expenditure per ADM)

District Size	Spending Level Per Pupil	Total Enrollment	No. Districts	Percent Poverty	Percent African American	Per Student Spending	Academic Achievement (Percent Scoring Below Basic)
All Districts	All	444,694	310	49	23	\$5,542	37
Large Districts	Above Average	120,502	30	54	46	6,557	44
	Below Average	265,366	133	44	15	5,067	33
Small Districts	Above Average	22,788	73	68	27	6,395	41
	Below Average	36,038	74	53	9	5,100	33

Table 6. Arkansas Large Districts and Small Districts (700 ADM) With Above- And Below-Average Academic Performance (Percent Scoring Below Basic)⁵

Districts	Performance Level	No. Of Districts	Total Enrollment	Percent Poverty	Percent African American	Property Valuation Per Student	Per Pupil Spending	Achievement (Percent Scoring Below Basic)
All Districts	All	310	444,082	49	23	\$54,315	\$5,541	37
Large Districts (More than 700 students)	Above Average	115	244,042	41	7	52,801	5,192	30
	Low	31	75,946	53	40	55,479	5,603	42
	Very Low	17	65,880	65	72	62,060	6,713	54
Small Districts (fewer than 700 students)	Above Average	91	38,363	55	3	51,605	5,429	30
	Low	33	13,052	60	23	44,613	5,699	43
	Very Low	21	6,799	81	75	54,536	6,385	63

“Low Achievement” Approach

A consolidation approach that targets districts with fewer than 700 students and with a higher than average percentage of students scoring below the “basic” achievement level on state tests would affect 54 small districts and exempt 48 large districts that perform below average. It would not affect 91 small districts with above average scores, or 115 large districts with above average scores.

Among *districts with above average test scores*, the 91 small districts have a higher percentage of students in poverty than the 115 large districts, but spend only about four percent more per student and get comparably good achievement results.

Among *low performing districts* (more than the state average number of students scoring below basic achievement level, but less than 50% below that level), the 33 small districts have a higher percentage of students in poverty than the 31 large districts, have a much smaller property tax base per student, spend about the same per student, and get comparable achievement results.

Among the very low performing districts (more than 50% of students scoring below basic), the 21 small districts have a much higher percentage of students in poverty than the 17 large districts, a smaller

⁵ Excludes Hackett and Witts Springs Districts.

property tax base per student, and they spend about six percent less per student. Their test scores are also worse, but not proportionally worse given the relative level of poverty among their students.

In the previous analysis using the 1,500-student cutoff, there were nearly five times as many students in very low performing large districts as there were in very low performing small districts. Using the 700 cutoff, there are 10 times as many (65,880 students in large districts compared to 6,799 in small ones).

Although not very many students attend the 21 very low performing small districts, more than four in five of them live in poverty and three-quarters of them are African American.

Twelve of these 21 very low performing small districts are in the Delta region. Any school that serves the students in these districts will be challenged to meet their needs.

In fact, many of the larger districts into which these districts might be consolidated are among the very low performing large districts, whose socioeconomic and demographic profile is remarkably similar to that of the very low performing small districts (65% poverty, 72% African American). It is no coincidence that 13 of the 17 very low performing large districts are also in the Delta.

Conclusions

Given the findings of this report, it is difficult to find a rationale for consolidating small school districts in Arkansas.

We find that:

- Small districts in Arkansas accomplish more with less money in more difficult circumstances than do large districts. They have fewer students who fail to achieve at the basic level, they spend less per student, and they serve a more impoverished student population.
- Nearly-thirds of small districts spend less per student than the state average, and those that spend more than the average still spend less than the large districts that spend above average.
- Both small and large districts that spend above average serve a student population that is more at risk of failing to complete high school or to achieve high academic standards than do districts that spend less than average.
- Eighty percent (188) of the small districts have less than the state average of property wealth per student. These small and poor districts receive more aid per student than a group of 29 large districts that have above average property wealth per student, but the aid does not make up for the small districts' impoverished local tax base. These small and poor districts are able to spend far less per student (\$740) than the large and wealthy districts.
- Large districts are more likely to be academically low performing than are small districts. A higher percentage of their students fail to achieve at the "basic" level on state tests.
- More students—both in number and proportion—attend large districts that spend above the state average or that perform academically below the state average than attend small districts that spend above average or perform below average.

These results are essentially the same whether a cutoff of 1,500 or 700 students is used to define "small" districts.

It is a shame that Arkansas is wasting a lot of time and energy in an acrimonious debate on school consolidation. Time would be better spent taking the obvious first steps needed to improve schools of all sizes in Arkansas.

The consolidation debate is wasteful because there simply is little if anything to be gained—financially or academically—by consolidation. Schools and school districts of all sizes have pretty much the same problems in Arkansas. Shutting down the small ones will merely move kids into larger districts where they will face the same kinds of issues anyway, albeit a little farther from home.

The arbitrary approach to school district consolidation, based on enrollment size alone, is the most irrational, no matter whether the magic minimum number of students a district must have to avoid consolidation is 1,500 or 700 or any other number.

When academic performance is used to target small districts for consolidation, it is clear that the impacts are concentrated on the poorest communities with the highest percentage of African American students, especially in the Delta region of the state. This plainly targets for elimination the districts that have been most adversely affected by the state's inequitable and inadequate school funding system, including the Lake View district that proved the system was just that. Targeting these districts would be akin to walking through the battlefield after the war and shooting the wounded.

The very lowest performing small districts have serious problems, but they are not *the* problem, and neither is their size. The problems in Arkansas are poverty, the persistent effects of racial discrimination, and a school funding system whose inequities and inadequacies exacerbate those problems. The difficulties Arkansas schools face are formidable but not insurmountable. They can be remedied by constructive actions taken to make them better. Consolidating districts is not one of those constructive actions.

Moreover, a consolidation strategy flies in the face of scientific research that shows children from impoverished communities do their best in small schools and small districts. The shortest and best pathway to school improvement is to improve small schools operating in small districts in the poorest communities in the state. The current challenge is to get past the debate over school consolidation and get to things that matter.