Feasibility Study Combining Millersburg Area and Upper Dauphin Area School Districts

SEPTEMBER 2019

Pennsylvania Economy League
Thompson Associates Architects and Planners
Agenda

1. Consolidation Study Team
2. Overview of Study
3. Study Approach and Merger Options
4. Findings and Recommendation
5. Next Steps
Consolidation Study Team
Consolidation Study Team

Pennsylvania Economy League: Statewide experience in school finance, enrollment projections, and school district merger studies

- Gerald E. Cross, MPA, Executive Director PEL
- Patricia M. Moorhead, Senior Financial Analyst PEL
- M. Jane Thompson, CPA, School District/Higher Ed Finance Director
- David Davare, PhD, Former research director PSBA and PEL
- Martin Hudacs, EdD, School Improvement Facilitator, District Superintendent

Thompson Associates Architects & Planners: Statewide experience in school design, district-wide planning, and school district merger studies

- James R. Thompson, AIA, Architect and Educational Facility Planner
  - Architect of 100 schools
  - District-Wide planner for 20 Pennsylvania public school districts
Phase I: Scope of Work

• Buildings:
  • Assessed the condition of current facilities; realignment of grade structure, educational facilities location, and facility use including assessment of student capacity versus projected enrollments by building

• Curriculum:
  • Analyzed the impact of consolidation upon educational programs: elementary, middle, and high schools

• Financial Implications
  • Examined historical and projected financial condition of the districts
  • Analyzed tax rate impact
Phase II: Scope of Work

Develop in Collaboration with the Districts based on the recommended consolidation option:

- Projected Board Configuration
- Projected Student Transportation Analysis and Options
- Projected Curricular Alignment and Programs
- Projected Collective Bargaining Agreements/Salary Schedules
- Projected Operational Budget
Why Now?

Declining enrollments and projected deficits in both districts serve as a call to action

Opportunity for efficiencies and managing the growth of future expenditures

Consolidation/merger is reasonable and practical

- Similar educational philosophies and enhanced opportunities for all students
- Buildings are in good condition to support the merger
- Both districts are stable and administratively lean and sound
### Why Now?

**Declining Enrollments**

<table>
<thead>
<tr>
<th>Year</th>
<th>Millersburg Area</th>
<th>Upper Dauphin Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978-79</td>
<td>1,132</td>
<td>1,780</td>
</tr>
<tr>
<td>1988-89</td>
<td>1,030</td>
<td>1,500</td>
</tr>
<tr>
<td>1998-99</td>
<td>882</td>
<td>1,432</td>
</tr>
<tr>
<td>2008-09</td>
<td>785</td>
<td>1,267</td>
</tr>
<tr>
<td>2018-19</td>
<td>660</td>
<td>1,122</td>
</tr>
<tr>
<td>2028-29</td>
<td>932</td>
<td></td>
</tr>
</tbody>
</table>

- **Millersburg Area**
- **Upper Dauphin Area**

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This chart illustrates the declining enrollments in the Millersburg Area and Upper Dauphin Area School Districts from 1978-79 to 2028-29.
Why Now?
Excess Building Capacity

Total Student Capacity: 3,219

Source: Enrollments- PDE; Capacity: Thompson & Associates Architects and Planners
### Why Now?
#### Financial Future

#### Millersburg Area School District

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
<th>Projected 2020-21</th>
<th>Projected 2021-22</th>
<th>Projected 2022-23</th>
<th>Projected 2023-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>14,644,251</td>
<td>14,725,546</td>
<td>14,808,030</td>
<td>14,899,296</td>
<td>14,985,749</td>
</tr>
<tr>
<td>Expenditures</td>
<td>15,203,195</td>
<td>15,513,901</td>
<td>15,876,193</td>
<td>16,274,653</td>
<td>16,660,873</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>-558,944</td>
<td>-788,354</td>
<td>-1,068,164</td>
<td>-1,375,357</td>
<td>-1,675,123</td>
</tr>
</tbody>
</table>

#### Upper Dauphin Area School District

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
<th>Projected 2020-21</th>
<th>Projected 2021-22</th>
<th>Projected 2022-23</th>
<th>Projected 2023-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>19,966,456</td>
<td>20,077,094</td>
<td>20,189,291</td>
<td>20,312,608</td>
<td>20,429,973</td>
</tr>
<tr>
<td>Expenditures</td>
<td>20,303,563</td>
<td>20,815,889</td>
<td>21,196,053</td>
<td>21,819,690</td>
<td>22,339,505</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>-337,107</td>
<td>-738,795</td>
<td>-1,006,762</td>
<td>-1,507,082</td>
<td>-1,909,532</td>
</tr>
</tbody>
</table>

Assumes no tax increases, other revenue at historic growth rates. Expenditure growth in contracted salaries, healthcare, required pensions. Other costs based on inflation forecasts.
Why Now?
Financial Future

Expenditures outpace Revenues in both districts
Why Now?

Impact on Fund Balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Millersburg</th>
<th>Upper Dauphin Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>$3,297,035</td>
<td>$6,968,830</td>
</tr>
<tr>
<td>2019-20</td>
<td>$2,738,091</td>
<td>$6,631,723</td>
</tr>
<tr>
<td>2020-21</td>
<td>$1,949,737</td>
<td>$5,892,928</td>
</tr>
<tr>
<td>2021-22</td>
<td>$881,573</td>
<td>$4,886,166</td>
</tr>
<tr>
<td>2022-23</td>
<td>-$493,784</td>
<td>$3,379,084</td>
</tr>
<tr>
<td>2023-24</td>
<td>-$2,168,907</td>
<td>$1,469,552</td>
</tr>
</tbody>
</table>
Why Now?

- Declining Enrollments Trends
- Excess Capacity
- Projected Deficits Deplete Fund Balances
Real Estate Tax Rates

Real Estate Tax Options:

• Uniformity Requirement of PA Constitution

• Three Approaches to Uniformity
  – **Apply lower rate** (Upper Dauphin Area) to combined assessments
    Loss in tax revenue but reduction in millage for Millersburg Area
  – **Apply higher rate** (Millersburg Area) to combined assessments
    Increase in tax revenue but increase in millage for Upper Dauphin Area
  – **Apply revenue neutral** approach to combined assessments
    Applying the revenue neutral millage rate of 19.800 would result in an approximate millage increase for Upper Dauphin Area (0.9225) and a decrease for Millersburg Area (-1.219)

• All other tax rates are the same for both districts
## Real Estate Tax Rates

<table>
<thead>
<tr>
<th></th>
<th>Millersburg Area</th>
<th>Upper Dauphin Area</th>
<th>Revenue Neutral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Tax Rate (mills)</td>
<td>21.019</td>
<td>18.8775</td>
<td>19.8000</td>
</tr>
<tr>
<td>Taxes on $75,000 AV</td>
<td>$1,576</td>
<td>$1,416</td>
<td>$1,485</td>
</tr>
<tr>
<td>Lower Rate</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Higher Rate</td>
<td>-</td>
<td>$161</td>
<td>-</td>
</tr>
<tr>
<td>Revenue Neutral Rate</td>
<td>-$91</td>
<td>$69</td>
<td>-</td>
</tr>
</tbody>
</table>
Common Educational Philosophy

- School vision and mission
- Importance of technology
- Importance of professional development
- Dual enrollment and online options for students
Curriculum Commonalities

**At the Elementary School Level**
- Focus on improving math instruction
- Additional Time allocated to:
  - Core content areas
  - Support math and literacy

**At the Middle School Level**
- Core content offerings and sequence
- Middle Level philosophy to work with the “whole” student
- Many related arts offerings

**At the High School Level**
- College, Career, and Community ready
- On-line options and dual enrollment
- Off-school-site opportunities
Curriculum Configuration Goals

Expected Outcomes for Student Development

• **Elementary**
  Skills-focused; learn to read; read to learn

• **Middle School**
  Educating the “whole student” - mental, physical, emotional, social

• **High School**
  Career and college readiness

• **Special Education Curriculum**
  Builds skills and strategies to address cognitive, physical, and emotional needs; promotes self-advocacy skills

• **All Students**
  1:1 Technology accessible to all students
Study Approach and Merger Options
Consolidation Analysis

- **Students**
  - Enough room for students
  - Expansion potential
  - Maintain and enhance course offerings

- **Curriculum**
  - Shared philosophy
  - Grade structure options
  - Provide more diverse instructional content

- **Cost**
  - More efficient
  - More practical
  - Reduces future cost increases
Consolidation Options Analyzed

**MERGER OPTION 1**
- Administrative Structure Merged
- Buildings Status Quo
- Students Stay in Place

**MERGER OPTION 2**
- Pre-K-4 (UDA Loyalton)
- 5-8 (UDA Loyalton)
- 9-12 (UDA HS)

**MERGER OPTION 3**
- Elementary Pre-K-8 (UDA Loyalton)
- Elementary Pre-K-8 (MA MS/HS)
- 9-12 (UDA HS)

**MERGER OPTION 4**
- Pre-K-4 (UDA Loyalton)
- Grades 5-8 (MA MS/HS)
- 9-12 High School (UDA HS)

**MERGER OPTION 5**
- Pre-K-5 (UDA Loyalton)
- Grades 6-8 (MA MS/HS)
- 9-12 High School (UDA HS)
Merger Option 1: Status Quo
All schools maintained under merged district

Student Capacity:
• Excess capacity of 1,400 empty seats (and growing)
  – School Year 21-22 all levels filled to average 57% capacity
  – School Year 28-29 all levels filled to average 49% capacity

Curriculum:
• K-12 curriculum scope and sequence alignment
• Different High School graduation requirements

Financial Implication:
• Reduced administrative costs
• Estimated $7.3 million renovation at Lenkerville Elementary
Merger Option 2:
All students attend the Upper Dauphin Area Elementary, Middle, and High School Buildings

Student Capacity:
- School Year 21-22 all levels filled to average 97% capacity (PreK-4 -106%, 5-8-90% MS, and 94% HS)
- School Year 28-29 all levels filled to average 84% capacity (PreK-4 -93%, 5-8-79% MS, and 81% HS)

Curriculum:
- K-12 curriculum scope and sequence alignment
- Different High School graduation requirements

Financial Implication:
- Likely cost for temporary added student capacity (modular classrooms)
- Discontinue educational use of Lenkerville Elementary and Millersburg Area MS/HS
  - Loss of $250,000 in existing annual Millersburg state subsidies
- Reduced administrative costs
Merger Option 3: Grades Pre-K-8 Two Attendance Areas with Grades 9-12 Consolidated

Student Capacity:
- Upper Dauphin Area Elementary and Middle School already Pre-K-8 Option
- School Year 21-22: (Pre-K-8: 59% UDA, 65% MA; and 94% HS)
- School Year 28-29: (Pre-K-8: 50% UDA, 60% MA; and 81% HS)

Curriculum:
- K-12 curriculum scope and sequence alignment
- Different High School graduation requirements

Financial Implication:
- Costly renovation for change in use of Millersburg Area Middle School to Pre-K-5
  - Millersburg Area Middle School is currently not equipped for Early Childhood Education
- Discontinue educational use of Lenkerville Elementary
- Reduced administrative costs
- Improved economies of scale

Consolidation Feasibility Study
- Elementary Pre-K-8 (UDA ES/MS Loyalton)
- Elementary Pre-K-8 (MA MS/HS Millersburg)
- 9-12 (UDA HS Elizabethville)
Merger Option 4:
Grades Pre-K-4, 5-8, and 9-12 Consolidated

Student Capacity:
- Grade-level multi-disciplinary teams a mis-fit for Millersburg Area Middle School side
- School Year 21-22: (Pre-K-4 - 59%, 5-8-73% MS, and 94% HS)
- School Year 28-29: (Pre-K-4 - 52%, 5-8-64% MS, and 94% HS)

Curriculum:
- K-12 curriculum scope and sequence alignment
- Different High School graduation requirements

Financial Implication:
- Discontinue educational use of Lenkerville Elementary
- Reduced administrative costs
- Improved economies of scale
Merger Option 5: Grades Pre-K-5, 6-8, and 9-12 Consolidated

Student Capacity
- Grades Pre-K-2 are well-supported at the Upper Dauphin Area Elementary School
- Grades 3-5 are well-supported at the Upper Dauphin Area Middle School
- Grades 6-8 are well-supported in the Millersburg Area MS/HS
- School Year 21-22 capacity: (Pre-K-5 - 73%, 6-8-55% MS, and 94% HS)
- School Year 28-29 capacity: (Pre-K-5 - 63%, 6-8-49% MS, and 81% HS)

Curriculum:
- K-12 curriculum scope and sequence alignment
- Different High School graduation requirements

Financial Impact
- Discontinue educational use of Lenkerville Elementary
- Reduced administrative costs
- Improved economies of scale

Consolidation Feasibility Study
- Pre-K-5 (UDA Loyalton)
- Grades 6-8 (MA MS/HS Millersburg)
- 9-12 (UDA HS Elizabethville)
Findings and Recommendations
Consolidation Recommendation

OPTION 5

- Pre-K-5 Elementary School  *UDA ES/MS Loyalton*
- Grades 6-8 Middle School  *MA MS/HS Millersburg*
- 9-12 High School  *UDA HS Elizabethville*

- Best use of existing buildings
- Opportunity to provide more diverse instructional content
- Maintain and enhance K-12 course offerings
- Greatest opportunity for economies of scale
Next Steps
Next Steps

1. Presentation
   Joint Board Study Session
   October 7, 2019

2. Community Presentations
   UDA Community Session
   UDA Middle School
   October 14, 2019, 6:30 pm

   MA Community Session
   MA High School
   October 21, 2019, 6:30 pm

3. Vote
   Joint Board Vote to approve Phase I and continue to Phase II
   November 11, 2019