

Millersburg Area
And
Upper Dauphin Area

**School District Combination Feasibility Report:
A Summary Report and Recommendation**



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BACKGROUND AND INTRODUCTION

In April 2019, the Millersburg Area School District and the Upper Dauphin Area School District Boards voted to engage the Pennsylvania Economy League, Inc. (PEL) and Thompson and Associates Architects & Planners (Thompson) to provide a comprehensive feasibility report on the possibilities of a merger between the two districts. The work was funded by a grant from the Pennsylvania Department of Education and equal contributions from each district. PEL and Thompson assembled a team of subject matter experts to complete the study.

In November 2019, PEL and Thompson completed Phase I of the study, identifying five merger options. These options were outlined in *Millersburg Area and Upper Dauphin Area School District Combination Feasibility Report* and presented at a joint meeting of school boards of Millersburg Area and Upper Dauphin Area school districts. Both boards approved identical resolutions "...that the Joint Boards ... authorize [PEL] to proceed with Phase II of the Feasibility Study with a focus on Merger Option Five..."

What follows is a brief summary of the Phase II report and recommendations for Option 5. The full Phase II report --more than 130 pages with detailed analysis of the options considered, in-depth tables and graphs, and additional background and appendices-- is available for review as well. This summary includes information on the recommended merger option including financial, curricular, facilities, and transportation factors.

Note, the following summary does not take into account impacts of the COVID-19 pandemic, such as increased cleaning costs, enrollment fluctuation, or impacts on transportation services.

OPTION 5: A RECOMMENDATION FOR MERGER

PEL and Thomson reviewed five different options. Based on the evaluation of facilities, curricular, transportation, and financial factors and resource constraints, Option 5 was identified as the best option for the two districts going forward as a merged district.

Option 5 is configured as follows: grades K-5 in one location, 6-8 in one location, grades 9-12 consolidated in one location.

- Option 5 would best provide for an educational model that includes the principles of equity in education and potential for success for all students served by the merged district.
- The merged district will be able to provide more diverse instructional content and maintain and enhance K-12 course offerings.
- This configuration provides for the best use of existing buildings and the greatest opportunity for economies of scale.
- This option would result in increased transportation times on average. However, an analysis of preliminary post-merger trip times indicates that 90 percent of students would have morning and afternoon trip times of 60 minutes or less.
- Transportation cost savings could net between \$50,000 and \$100,000 annually.
- This option also provides for annual recurring cost reductions of approximately \$3.3 million compared to the districts continuing to operate independently.

Facilities

Option 5 represents the best option for the district to ensure equity by keeping grade levels together. This configuration provides for the best use of existing buildings and the greatest opportunity for economies of scale. Option 5 would modify the configuration of elementary, middle and high schools into three locations as follows:

- Grades K to 5 at the Loyaltown campus of the Upper Dauphin Area School District
- Grades 6 to 8 at the Millersburg Area Middle School/High School campus
- Grades 9 to 12 at the Upper Dauphin Area High School.

Option 5 provides the best natural fit of grades K to 5 to the existing Upper Dauphin Area Elementary and Middle School and for the multi-disciplinary teaming for grades 6 to 8 in the existing Millersburg Area Middle and High School. Option 5 provides vacant space between the Upper Dauphin Area District Administration Office and the middle school cafeteria, which may be adapted for a future combined and consolidated District Administration Office.

Under Option 5, the merged district will operate a K to 5 elementary school at Loyaltown. It is recommended to organize the building in grade-level clusters, concentrating the youngest students in the existing Upper Dauphin Area Elementary School side. It is recommended to modify the classrooms that are used for pre-school and kindergarten with in-classroom toilets. This campus offers separate gym and cafeteria facilities and an additional multi-purpose room, suitable for either food service or physical education.

We recommend modifications to the wall that divides the existing PK to 4 Upper Dauphin Area Elementary School from the 5 to 8 Upper Dauphin Area Middle School. The wall openings can be modified to promote the free flow of students while maintaining building Code compliance, for safety.

We recommend separating bus from parent traffic. The existing middle school entrance would be the bus drop-off and an after-hours activity entrance. The existing elementary school entrance is better suited for parent drop-off and visitor entry, as it features a passive security vestibule into the Principal's office.

The district will adapt the existing Millersburg Area secondary building for a 6 to 8 Middle School, organized in grade-level, multi-disciplinary teams (of English, reading, math, social studies, and science). It is recommended to locate 6th grade in the two-story wing with 7th and 8th grade sharing the one-story wing. This facility already has secondary related arts program spaces. It is recommended the district adapt and upgrade the existing building trades shop for tech ed programming.

The Millersburg Area campus offers two gyms, a state-of-the-art weight room, and auditorium that would be valuable to ease pressure on the consolidated high school's facilities for extra-curricular activities (and for community use). In addition, the Millersburg Area campus features a community use Dauphin County Library branch, which would remain in use.

A summary of the advantages of Option 5 identified in the facilities analysis are as follows:

- The district could capitalize on the grade 4 to 8 certification of teachers.
- Fifth graders would benefit from one more year of robust, elementary-level math and literacy pupil supports services to better prepare them for secondary school.
- Organizing the district in grade-level buildings promotes class section size equity.
- The district can more efficiently address unforeseen changes in needed special education services in grade-level buildings.
- Faculty can conduct face-to-face grade-level planning.
- Science classrooms are available as sign-out labs for elementary science instruction and projects.
- Facilities in this configuration provide ample space to accommodate unforeseeable enrollment “bubble”.
- Facilities in this configuration also provide ample space to accommodate special education and pupil support services.

Modest suggested adaptation costs related to Option 5, estimated at \$133,000, would provide for adaptive use of Millersburg Area High School building trades shop for a middle school technical education lab, separate Millersburg bus and parent/visitor traffic, toilet rooms in four kindergarten classrooms, and modified openings between the existing Upper Dauphin Area Elementary School and Upper Dauphin Area Middle School.

Curriculum

The merged district will be able to provide more diverse instructional content than either district can provide individually. The merged district will be able to maintain and enhance K-12 course offerings. By grouping grades into single locations, the merged district will better utilize existing supplies and educational materials and provide opportunities for collaboration and planning among teaching staff.

For grades Pre-K to 5 and 6 through 8, having students of elementary school age in one building and students of middle school age in a separate building allows the schools to focus on developing an age-appropriate environment to permeate the entire school. The school would be able to establish and promote academic expectations, behavioral expectations and personal expectations in a building-wide environment.

Instructional materials that the district presently owns and plans to continue using would be consolidated. Supplemental materials would be available to the entire student body at the elementary level. Because grade levels are combined in single campuses, option 5 presents opportunities for regular, weekly collaboration for instructional planning, data analysis, and development of common assessments among teachers for collaborative work and professional development. Under Option 5, it will be easier to utilize enrichment materials and resources that have proven successful from each district, especially at the elementary level. The materials and expertise that have proven successful can most easily be leveraged with everyone in one site.

Option 5 features two dedicated sign-out science labs. Under the single K-5 campus, elementary faculty would benefit from sign-out science labs. The district could capitalize on middle school science teacher certifications, using science team-teaching for 4th and 5th grades. In addition, 5th

graders would benefit from one more year of robust, elementary level math and literacy pupil supports services, to better prepare for secondary school.

The cost of upkeep and supplying the facilities and resources to support vocational-technical electives would be less on a single middle school presented in Option 5. Changes in enrollment in special education (particularly in costly primary disabilities) would have less impact on the capacity of a classroom with students in grades K to 5 and 6 to 8 in respective buildings. Having all grade-level special education students in the district attending one site, the district would be better positioned to address annual changes in needs for these students.

One of the strengths of both districts currently is their commitment to the middle school philosophy. That philosophy is that the middle school is focused on student growth in all areas – emotionally, intellectually, socially, and physically. Using resources, communication strategies, and materials that promote age-appropriate expectations for behavior and academic performance is most cost-effectively done in a single site.

The integration and support of special education students with the appropriate age cohorts could be more efficiently and uniformly done when those grade level classes are all in the appropriate age and grade facility. With the increased number of classes at a given grade level in Option 5, special needs students can be integrated in a variety of classrooms, providing age appropriate academic and social interactions without putting an inordinate number of special needs students in any one class.

Option 5 is the most cost-effective and the most educationally sound option for merging the two school districts, particularly at the elementary and middle school grade levels.

Transportation

An analysis of the impact of a merger of the two school districts on transportation involves two primary areas: transportation cost and student transportation times. To understand the potential impact on transportation cost, the consulting team evaluated the annual transportation miles of the combined district based on a preliminary, conservative model route schedule of a new merged district. Additionally, the team evaluated state subsidy of a new merged district. The same route information was used to analyze potential impact on student transportation times.

The merger of the two school districts will necessitate a larger overall transportation network with more routes and annual transportation miles than combined pre-merger district totals. The larger transportation network will lead to higher expenditures and larger state subsidies, as noted in the table below. The net cost of post-merger transportation services is estimated to be similar to the combined pre-merger district totals, with the potential for net cost savings in the range of \$50,000 to \$100,000 annually. However, the merger will see a year-one net cost increase of approximately \$360,000 because of the one-year lag in state subsidies, a cost that may be able to be offset through one-time financial assistance for the merger from the state.

Expenditure and Net Cost Estimates and Pre-Merger to Post-Merger Difference

	Pre-Merger Combined	Low Estimate	Difference	Medium Estimate	Difference	High Estimate	Difference
Expenditures	1,549,443	1,758,039	208,597	1,830,471	281,028	2,035,896	486,454
Less Total State Subsidy	981,968	1,342,493	360,525	1,342,493	360,525	1,342,493	360,525
Net Costs	567,475	415,546	-151,928	487,978	-79,497	693,403	125,929

Based on preliminary post-merger route analyses, 90 percent of students are calculated as having morning and afternoon post-merger transportation trips of 60 minutes or less, and travel times are relatively uniform across grade levels. Millersburg Area elementary students, Upper Dauphin Area middle school students, and Millersburg Area high school students exhibit greater pre-merger-to-post-merger transportation time changes due to the facility arrangement of Option 5.

Percent of Students Transported by Travel Time Threshold, Grade Level, Post-Merger Morning Routes

Grade Level	Student Count	10 minutes or less	20 minutes or less	30 minutes or less	45 minutes or less	60 minutes or less
Elementary	811	13.1%	30.5%	51.3%	84.5%	92.0%
Middle School	375	9.6%	32.5%	65.9%	80.8%	91.7%
High School	508	6.5%	25.4%	50.6%	79.3%	95.9%

Percent of Students Transported by Travel Time Threshold, Grade Level, Post-Merger Afternoon Routes

Grade Level	Student Count	10 minutes or less	20 minutes or less	30 minutes or less	45 minutes or less	60 minutes or less
Elementary	811	20.1%	32.2%	56.1%	86.9%	94.2%
Middle School	375	2.9%	26.9%	41.1%	70.1%	86.9%
High School	508	6.1%	30.5%	48.8%	78.5%	95.1%

The analysis and routes described are preliminary, conservative estimates; the districts should consider adding additional routes to balance cost and travel times. The merged district also should consider seeking vendor assistance to review the preliminary routes for further efficiency.

Financial

The financial analysis includes a historical look at the two districts' financial positions as well as estimates of future staffing needs, curriculum requirements, facility capacity and adaptability, transportation impacts, and estimated one-time costs for renovation and adaptation.

Financial projections for the school districts, with the status quo, indicate that both are likely to experience growing annual deficits starting with the 2019-20 budget, as revenues are anticipated to stagnate while expenditures are expected to increase.

When districts combine, they are required to develop a combined budget and related financial plan. Typically, the individual districts' financial information from the prior year is used as a starting point. Using data from the year prior to the actual combination creates a base for adjusting taxes, if necessary, and equalizes taxes between the two districts for the first year of the combined district. The merger of the two districts is expected to produce a budget surplus over the operating expenses for the two districts separately. When consideration is given to the revenue adjustments and expenditure changes as a result of the merger, the combined district will produce a positive impact on the cost of public education.

Combined Surplus/Deficit Estimate for 2021-22 at 18.8775 Millage Rate

	Combined
	2021-22
Combined Revenues at 2019-20 Millage	\$34,997,321
Less: RE Tax Revenue Adjustment	<u>-570,662</u>
Net Revenues	\$34,426,658
Combined Expenditures	\$37,068,130
Staff Savings from Combination	-3,117,702
Year One Transportation	<u>360,525</u>
Net Expenditures	\$34,310,953
Surplus/(Deficit)	\$115,705

This projection uses the current Upper Dauphin Area real estate tax millage of 18.8775 mills for all residents of the merged district and includes average estimated staff savings. Actual savings from staff consolidation will depend on the final negotiated CBA for the merged district.

Personnel is a large cost for any school district and consolidating bargaining agreements will be required. However, even with the challenge and cost of consolidating bargaining units, total personnel savings through merger would total approximately 40 positions across administrative, professional and support staff. Salary savings, plus health care and retirement savings would total approximately \$3.1 million in recurring savings in a merged district.

Staffing, Cost Reductions and Annual Net Cost Reduction, Options 5

	Current	Option 5	
		Proposed	Change
Staffing			
Administrative	18	15	-3
Professional	166	138	-28
Support	49	40	-9
Total	233	193	-40
Paraprofessional	49	TBD	TBD

Cost Reductions				
Administrative				\$240,000
Professional Staff				1,764,000
Support Staff				243,156
Paraprofessionals				-
Total				\$2,399,168
Healthcare				351,902
Net Employer Share				518,644
Subtotal				\$3,117,702
Other Adjustments				
Debt Service Subsidy				-
Recurring Savings				\$3,117,702

Note, one-time costs for renovation, building capacity for enlarged enrollment, and curricular materials and other consideration must also be reviewed and are estimated to be approximately \$133,000 the first year, plus a \$360,525 increase in transportation costs in the first year, due to a one-year lag in state subsidies for transportation. The merging districts should consider a request for one-time funds to support such necessary costs of a merger.

For more detail and information on finances, see the full report.

Summary

PEL and Thomson conducted a detailed and careful analysis of the options for merging Millersburg Area School District and the Upper Dauphin Area School District.

Financially, particularly in the long term, a merger of the districts makes sense to taxpayers and families overall. Both districts face significant deficits over the next several years, regardless of whether they combine. Both districts face declining enrollments. While there are short term costs upfront to merging, it is possible the merged district may receive financial assistance from the Pennsylvania Department of Education to assist with merger costs. Estimated annual recurring cost reductions are \$3.1 million.

A merger makes sense to maximize use of available facilities while improving economies of scale. Modest adaptation costs are identified in the study and recommended for the merged district to best utilize space. In terms of education offerings and curricula, merging districts using Option 5 makes the most sense as the most cost-effective and educationally sound option for the two districts going forward.

For information on the other options analyzed as well as more detailed analysis and information on Option 5, please see the full report prepared by PEL and Thomson, *Millersburg Area And Upper Dauphin Area School District Combination Feasibility Report*.