

MERGER'S UNPROVEN CASE

Benefits from larger school districts aren't apparent

Summary: It's been a decade since a contentious merger of three Guilford school districts, and now merger disputes are underway in Orange and Cleveland counties. Unfortunately for merger advocates, the evidence is thin that creating larger school districts improves efficiency or learning. Indeed, some studies suggest that district mergers result in more non-instructional spending and actually hurt student achievement, particularly for those in lower-income communities.

It's been a decade since a contentious merger of three separate school systems in Greensboro, High Point, and Guilford County created North Carolina's third-largest school district. Now, with litigation over a district merger in Cleveland County reaching the top level of the state's judiciary and a new proposed merger making headlines in Chapel Hill and Orange County, it seems appropriate to revisit the issue of merging smaller districts into larger ones. Have the promised savings in administration and purchasing materialized? Do students perform better when their schools are part of larger districts? Are mergers the answer to concerns about equity, diversity, and finance? The evidence is accumulating, but there is surprisingly little that corroborates the predictions of merger advocates.

The number of school districts has been declining steadily for decades. There were 119,000 districts in the U.S. in 1937. By 1970, there were only 18,000, and the number has fallen another 20 percent since then.¹ North Carolina has followed a similar trend. In 1960, most N.C. counties had at least two school systems. Among major urban systems, Charlotte/Mecklenburg County and Winston-Salem/Forsyth County merged their districts in the 1960s, followed by the Raleigh/Wake County merger in the 1970s and the Fayetteville/Cumberland combination in the 1980s. In the early 1990s, Durham merged its city and county systems, followed a year later by the Greensboro/High Point/Guilford merger in 1993.²

Today, there are 117 districts in North Carolina, though that number will shrink to 115 if plaintiffs in Kings Mountain fail in their appeal to the supreme court of a lower court ruling that allowed the Cleveland County merger to proceed. Surprisingly, there remain several relatively populous counties that feature multiple systems, including Buncombe (Asheville), Davidson (Lexington and Thomasville), Cabarrus (Kannapolis), Catawba (Hickory and Newton-Conover), and Orange (Chapel Hill-Carrboro).

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The most recent school merger to be completed was in Guilford County, where a contentious debate about facilities, finances, business, equity, and community leadership resulted in a combination of the three previous systems. In a look back at 10 years under a merged system, the *Greensboro News & Record* recently tallied up the consequences — and provided ammunition for both sides of the debate over school-district mergers.³ On efficiency, the newspaper concluded that the merger may have saved several million dollars in administrative costs but overall spending per student grew, necessitating a property-tax increase for residents of the previous county school district. On racial and equity issues, merger was promoted as a way to serve better the mostly black students in the Greensboro and High Point systems by integrating the mostly white students from the county into the new system. Black students are, in fact, performing better than before, but integration can't be the explanation since the Guilford schools are *more* segregated by race than they were a decade ago.

The difficulty in drawing firm conclusions about the Guilford case exemplifies the larger problem of how to evaluate the impact of district mergers in the context of many other trends affecting student performance. Test scores in Guilford have risen since the merger, but so have test scores in most N.C. districts. Since it is impossible to know what would have happened if the districts hadn't been merged, perhaps the most one can say about the Guilford case is that the outcomes experienced there support neither the proposition that mergers are significantly beneficial nor that mergers do significant harm.

What the Available Research Shows

Careful analyses of school-district size that seek to control for other variables affecting educational outcomes are, unfortunately, not very numerous. Size has gotten a lot of emphasis lately in educational research — the optimal size of classes and, to lesser extent, the optimal size of schools — but the organization of school districts has attracted the scholarly attention of relatively few. Still, studies published in the past 20 years do allow for some general conclusions to be drawn.

First, claims that mergers will result in significant savings to taxpayers appear overblown if not fundamentally mistaken. Often, organizations can take advantage of “economies of scale” when they expand. Eliminating duplicative administration and support-service positions would seem to be a possibility in merging school districts, for example. Plus, larger districts would seem to be able to command greater negotiating power in purchasing. However, there are also potential “diseconomies of scale.” Large organizations can sometimes find it difficult and costly to manage far-flung operations, and the lack of competition can result in flab and featherbedding. A 1999 study found that larger districts actually spent a higher percentage of their budgets on non-instructional personnel and expenses, including administration, than smaller ones do.⁴ Another researcher found that large districts spend more per student and have more administrators per capita than smaller ones do.⁵

Second, mergers are said to improve student achievement, in part because combining city and county systems results in more equitable funding of schools serving minorities and the poor. But district size appears to be, if anything, negatively correlated with test scores. One review of 100 research projects found that “the states with the largest schools and school districts have the worst achievement, affective, and social outcomes.”⁶ The impact appears to be especially pronounced for low-income students, who don't have as many options to move within counties to escape bad schools.⁷ Herbert Walberg, a University of Chicago scholar who has studied the impact of both school size and district size, concluded that increases in both result in decreases in student learning.⁸ In fairness, there is another school of thought on this: that school mergers have no effect on test scores.⁹ There appears to be no evidence that mergers, all other things being equal, boost test scores.

Third, school mergers have implications for other educational debates, including parental choice. The fewer the districts, the fewer schools parents have to choose from, though this can be more theoretical than real given the common curriculum and personnel policies in place in public districts and the inability of most families to move in and out of cities simply to access better schools. Although this is hardly conclusive evidence, it is interesting that according to district performance scores computed by the North Carolina Education Alliance for the 1997-98 and 2001-02 school years, students in counties with multiple school systems made slightly larger gains over those four years than in those merged districts did.¹⁰

— John Hood, President

Notes

1. Mike Antonucci, “Missing Creep,” Issue Brief No. 176, Alexis de Tocqueville Institution, Nov. 17, 1999, p. 1, www.adnit.net.
2. Bruce Buchanan, “A vanishing breed,” *News & Record* (Greensboro), August 10, 2003, p. A6, www.news-record.com.
3. Buchanan, “A combined system hasn't fulfilled all expectations,” *News & Record* (Greensboro), August 10, 2003, p. A1.
4. Antonucci, p. 5.
5. Florence R. Webb, “A District of a Certain Size,” *Education and Urban Society*, 1989, 127-128.
6. Kathleen Cotton, “School Size, School Climate, & Student Performance,” *Close-Up* (Northwest Regional Educational Lab: #20).
7. Webb.
8. Herbert Walberg, “On local control: Is bigger better?” *Source Book on school and district size, cost, and quality*, Hubert Humphrey Institute of Public Affairs and the North Central Regional Educational Lab, Minneapolis, pp. 119-134.
9. R. J. Oakerson, “Size, function, and structure: Jurisdictional size effects on public sector performance,” *National Rural Studies Committee: Proceedings of the Annual Meeting*, Las Vegas, 1992.
10. Data from “Grading Our Schools,” North Carolina Education Alliance, 1999 and 2003 editions, www.nceducationalliance.org.