Draft document

A revised 'final' document will be posted upon completion.

BOARD REPORT

Feasibility Study

Options Related to Combined Districts

Submitted to the Board of Directors of

Antietam School District

And Exeter Township School District

Prepared by

The Civic Research Alliance

The Pennsylvania Economy League Central Office

Hayes Large Architects

April 2013

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Purpose of This Feasibility Study

The Boards of the Antietam and Exeter Township School Districts joined forces in 2012 to address the *collective* educational needs of their students and communities. This feasibility study was requested in that continued spirit of school district cooperation, with a charge to determine those options/opportunities that can maximize instructional and community services. This report presents four viable options for Board consideration.

We believe the School Boards and district administrators have shown exceptional foresight in requesting this feasibility study. The advantages of *voluntary* action are significant, allowing both communities to carefully and fully examine their options in a timely manner.

This is a summary of the *Full Report to the Boards* which details the information that follows. Please refer to this more detailed report for additional detail, analysis, and findings.

The initial analysis of possible options yielded far more possibilities (eight in total) than was practical or reasonable for decision-makers. This was remedied by two solutions: (1) minimize the number of short-term options by presenting the *most* viable in this report, and (2) organize the long-term options as a supplement to the Full Report. These latter options are presented in three groups (short-term options, options to maximize educational opportunities, and options to minimize future school district costs) in Appendix C of the Full Report.

The Boards of Antietam and Exeter Township School Districts have four primary options for immediate consideration:

- Maintaining the *Status Quo*
- Combining Programs and Operations
- Adopting a Regional School Model
- Physically Combining the Existing School Districts.

Each of the options is then explained using the following outline:

- Existing conditions
- What will change?
- How does it change?
- Benefits and challenges.

Option One: Maintaining the *Status Quo*

Because neither Antietam School District nor Exeter Township School District has pledged decisions, actions, or resources beyond completion of this feasibility study, the option to maintain the *status quo* remains intact. Under this option each school district retains its current Board structure and its independent tax base, tax rates, collective bargaining agreements, curriculum, policies, administrative team, and facilities. Analysis of the *status quo* is important because it provides a benchmark of existing conditions and a base comparison for the subsequent three options.

Existing Conditions

Demographics

Antietam School District serves the Borough of Mount Penn and Lower Alsace Township. From 2000 to 2010 the population living in the Antietam School District increased by 1.2 percent, with all growth in Mount Penn Borough. Exeter Township School District serves St. Lawrence Borough and Exeter Township. During the same time period the population residing in Exeter Township School District increased 19.1 percent, with all growth in Exeter Township. Comparisons with Berks County and Pennsylvania are also provided in the following table.

Population Changes in Antietam and Exeter Township School Districts, 2000 to 2010

School District	Municipality/County/State	2000 Census Population	2010 Census Population	Percent Change
Antietam School District	Lower Alsace Township	4,478	4,475	-0.1%
	Mount Penn Borough	3,016	3,106	3.0%
	Totals	**7,494**	**7,581**	**1.2%**
Exeter Township School District	Exeter Township	21,161	25,550	20.7%
	St. Lawrence Borough	1,812	1,809	-0.2%
	Totals	**22,973**	**27,359**	**19.1%**
	Berks County	373,638	411,442	10.1%
	Pennsylvania	12,281,054	12,702,379	3.4%

During the past decade the population of Exeter Township has grown at twice the rate of Berks County and six times the rate for Pennsylvania. Population change is directly related to future tax revenues for each school district, especially for Earned Income Taxes. However, property taxes will also change as additional building occurs or as property values increase due to fewer places to develop and fewer existing properties for sale.

Other relevant demographic comparisons are presented in the following table. As seen, Exeter Township School District is the larger of the two existing districts in terms of square miles, population, student enrollment, number of buildings, number of teachers, and annual revenues/expenditures.

Relevant Comparisons by School District (2010/2011 School Year)		
	Antietam School District	**Exeter Township School District**
Square Miles	5.3 square miles	26 square miles
Population	7,581 (2010 Census)	27,359 (2010 Census)
Enrollments	1,046	4,322
Number of Buildings	3	7
Number of Teachers	91	289
Revenues	$14,746,265	$63,723,877
Expenditures	$14,166,027	$62,078,105
State Aid Ratio	0.6235	0.5349
Mills	32.35	29.624

Facilities

Together these existing districts operate ten buildings; the following map shows the location of each. Notice that most elementary schools cluster closely together (with the exception of Lorane) and that the distance between existing district secondary schools is about two miles.

Under this *status quo* option, the following class configurations by each existing building continue.

Current School Year Class Configurations by Building	
Antietam School District	**Exeter Township School District**
Antietam Middle Senior High School (Grades: 7 – 12) Mt. Penn Elementary Center (Grades: 2 – 6) Mt. Penn Primary Center (Grades: K – 1) Administration offices in Middle/Senior High School	Exeter Township Senior High School (Grades: 9 – 12) Exeter Township Junior High School (Grades: 7 – 8) Reiffton Intermediate School (Grades: 5 – 6) Jacksonwald Elementary School (Grades: K – 4) Lorane Elementary School (Grades: K – 4) Owatin Creek Elementary School (Grades: K – 4) Lausch Elementary School (Currently used as an Administration Building)

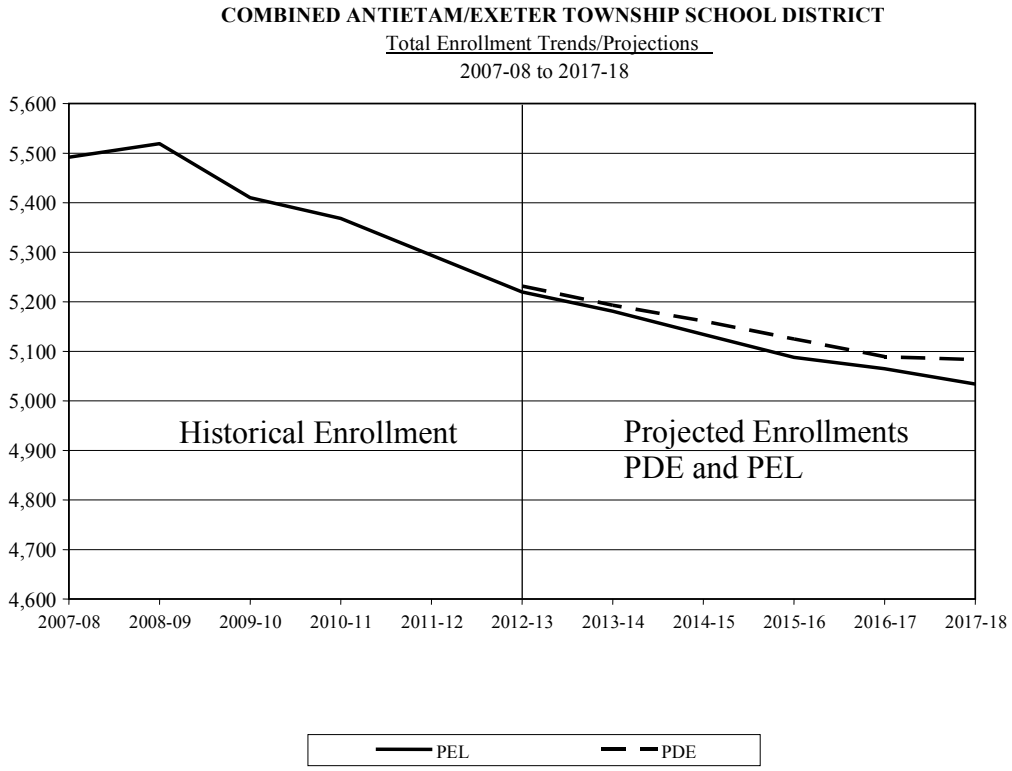
Enrollments

Enrollment by building (for the 2010/2011 school year) is summarized in the following table. Please note that the Lausch Elementary School currently serves as an administration building and does not house elementary students as it did in the 2010/2011 school year. Complete enrollment projections for each existing district and for a combined district are found in the Part 1 of the Full Report.

District Facilities and Corresponding Student Enrollments (2010/2011 School Year)	
Antietam School District	**Exeter Township School District**
Total Enrollment – 1,046 Groupings by grade: 9 to 12 – 305 6 to 8 – 255 K to 5 – 486 Enrollments by Building: Antietam Middle Senior High School – 480 Mt. Penn Elementary Center – 412 Mt. Penn Primary Center – 154	Total Enrollment – 4,322 Groupings by grade: 9 to 12 – 1,426 6 to 8 – 1,017 K to 5 – 1,879 Enrollments by Building: Exeter Township Senior High School – 1422 Exeter Township Junior High School – 698 Reiffton Intermediate School – 674 Jacksonwald Elementary School – 621 Lorane Elementary School – 502 Lausch Elementary School – 405

Enrollment growth is projected to differ for these school districts between now and 2017/2018. Antietam School District can anticipate an enrollment growth of about seven percent, while Exeter Township School District can anticipate a decrease of 6 percent. Hence, it is anticipated that in five years Antietam will have 73 additional students and Exeter Township will have 252 fewer students. A combined district in 2012/2013 would have a total enrollment of 5,220, or 174 pupils (3.4 percent) higher than in 2002/2003. Between 2002/2003 and 2007/2008 enrollments in the combined existing districts increased by a net of 446 or 8.8 percent (an average annual net increase of 89 pupils or 1.8 percent); in the five most recent years enrollments decreased by a net

of 272 or 5.0 percent (an average annual net loss of 54 pupils or 1.0 percent). Recent changes in enrollments projected for a combined district are shown in the following graph.



What Will Change?

Nothing changes under the *status quo* option. The current School Boards, policies, and all operations for Antietam and Exeter Township School Districts remain independent. There will be no combining of collective bargaining units, administrations, or curricula and no need to expend resources to change operations.

However, *inevitable* changes in each district's enrollments, expenditures, maintenance of buildings, collective bargaining agreements, and responses to mandates (beginning with higher pension contributions) will continue independently of any options that follow.

Benefits/Challenges of Keeping the *Status Quo*

Antietam School District and Exeter Township School District are generally healthy in terms of academic programs, financial stability, working relationships with faculty and nonprofessional employees, and current facilities. However, challenges to both districts will increase as mandates and higher expenditures take their toll over time. The following table summarizes the expected benefits and challenges of independent programs and operations.

Benefits of the *Status Quo by School District*	
Antietam School District	*Exeter Township School District*
Adequate and well maintained facilities for the long-term are available and sufficient	Number of residents is growing rapidly but school enrollments are steady (more taxpayers per student)
Nonprofessional staff will not be covered by collective bargaining agreements	School buildings are generally in very good order with little need for major renovations in the near future
There will be no cooperative changes for students or parents to accept or adjust to	The current size of the school district already provides a wide range of academic offerings and student services
Professional and teaching salaries would not be increased to match Exeter Township SD	
Challenges Under the *Status Quo*	
Antietam School District	*Exeter Township School District*
Expenditures will increase more rapidly than revenues	Expenditures will increase more rapidly than revenues
Number of residents will remain constant but school enrollments will increase (fewer taxpayers per student)	Matching increasing or decreasing enrollments *by grade levels* with existing facilities
Meeting the expenditures of a smaller school district will become increasingly difficult under current state mandates	The district loses the option of using space in the Antietam SD to help adjust student capacity in existing buildings
The district has fewer options for students that might include magnet schools, STEM facilities, or cyber/ charter schools	The district has fewer options for students that might include magnet schools, STEM facilities, or cyber/ charter schools

Option Two: Shared or Combined Services and Programs

Existing Conditions

Similar to Option One, the existing school districts remain separate entities under Option Two. Each school district retains its own Board, district administration, tax base, etc. However, both districts begin a process to further share student services, facilities, equipment, purchasing operations, staff, specific courses, and specific faculty.

The ability to share or combine school district programs/operations is provided by similarities of the districts and uniqueness of courses or approaches. Despite the difference in enrollments between the existing districts, both have unique courses and programs to bring to the table. For instance, the number of unique coursework at the high school level or the opportunity to share existing Honors and Advanced Placement Programs can be referenced in Part 2 of the Full Report. As will be seen, there are opportunities for shared services in many aspects of existing student support (cafeteria), activities (clubs and community organizations), and academics (expanded courses and increased availability of courses).

Sharing/combining services and programs is presented for academic goals and financial goals for the existing districts. A complete analysis of shared services is provided by Part 8 in the Full Report.

What Will Change?

To the extent possible under current bargaining agreements or by financially feasible options, Antietam and Exeter Township School Districts can change the way classes and student activities are presented to students of both districts. These changes occur through higher levels of cooperation, informal agreements, or contracted services.

Detailed potential savings for textbooks, cafeteria services, custodial/maintenance needs, and other opportunities are presented in the Full Report. A summary is presented in the following table.

Potential Academic Changes
Up to 42 additional classes could be added to the high school curriculum of both districts
Up to 31 new clubs and activities will be available for student participation
Several programs, including athletic teams and music performance groups, offer more opportunities to students when increased in size
Dual enrollment opportunities that may include elective courses, advanced placement courses, team-taught courses, or special topics for which one class would result from registration across the two districts.
Individual classes can be provided across existing school districts. However, this also brings the disadvantage of providing and scheduling student transportation. It is far more efficient to have teachers move among school buildings or to offer courses simultanesouly in several buildings by using contemporary media. Personal student devices can be very helpful in the future sharing of courses.
Agreements with other educational institutions might be considered, including bringing additional school districts into an academic consortium. Agreements might also include Reading Area Community

College, the Intermediate Unit, and nearby Albright and Alvernia Colleges. High school students might access a full complement of courses online.
Sharing resources can offer additional student clubs and activities, especially for the smaller existing District. For secondary students in particular, school is the entrance to adulthood and is supported by activities beyond classroom instruction. A wide variety of student clubs and activities provide social development and may also add to the community through cultural events, athletics, and academic competitions.
Potential Changes in District Expenditures
Combining cafeteria services could save each district $5,000 to $10,000 each year
Combining professional development programs, especially onsite at one of the districts, could save $10,000 to $20,000 each year
There are opportunities to save on textbooks if the districts coordinate printed and electronic texts; further, courses and texts could be offered by level (for instance, a three-level course in Biology: advanced, standard, and general/remedial)
Sharing courses could provide significant cost savings by increasing enrollment of underutilized courses/programs, reducing duplication of effort among the existing districts, providing instructional opportunities for teachers with specializations or special interests, or combining existing courses at each district with low enrollments (usually fewer than 15 students at the secondary level)
Implementing shared services and programs can be accomplished in much less time than through combining school districts, giving the school boards time to determine where cost savings can be generated if a combining of school districts should follow
Not all sharing of services will result in lower costs; for instance, there would be no savings associated with combining the existing programs for special needs students
There is opportunity to share services that will save each existing school district in terms of annual expenditures; examples include joint contracting, standardized media services and classroom materials, shared textbooks, a single food service operation, and shared maintenance and security

How Does It Change?

Clearly, there will be significantly more opportunities for Antietam students to participate in additional clubs and other extra-curricular programs at the Exeter Township School District. However, bringing together the districts can bring new ideas and further diversity to Exeter Township School District as well. Each district, as detailed in the Full Report (see Part 2) brings additional and unique opportunities to a shared student body.

Changes occur when the existing districts plan and implement specific shared services or operations. There are two models for this change: (1) direct/indirect agreements and (2) a formal vendor model. Less formal agreements are often satisfactory to see more efficient ways to provide custodial and maintenance services. Additional savings can be realized through cooperative purchasing of supplies and equipment.

The vendor model is more practical for the sharing of academic programs and services. Here one district directly and formally contracts with another district for needed services. For instance, it is possible to contract for specific Advanced Placement courses, athletic coaching, music performance groups, and a host of other course offerings and student organizations. Teachers can travel among buildings or present material in a virtual environment. This prevents additional student transportation costs from negating the cost benefits of sharing services.

Some planning will be needed to implement shared services. For instance, if textbooks are to be shared then changes should be phased in over a period of years. Changes would begin on the elementary school level, then the middle school/junior high school levels, and finally on the secondary level. A two-year phase beginning in grade 10 allows all current students to graduate under academic programs and texts now in place.

Benefits/Challenges

Planning and coordinating shared services/programs requires additional time of administrators and faculty. However, most work can be accomplished through small committees composed of representatives from each existing building. Others from outside the districts might also be included on committees, recruited for special expertise, interest, or experience.

Benefits of Shared Services and Programs by District	
Antietam School District	*Exeter Township School District*
Sharing selected services/programs can bring faster change than combining school districts	Provides time for the School Board to consider options related to combining school districts
Provides one method of reducing annual expenditures	Allows the district to implement and evaluate shared services as a basis for future combined efforts with Antietam SD
	Provides one method of reducing annual expenditures
Challenges Under Shared Services and Program	
Antietam School District	*Exeter Township School District*
Maximum use of existing facilities is not achieved in a timely manner	Exeter Township SD because of size or other staffing needs may not be able to combine/share certain services

Sharing academic programs is best accomplished when no bargaining unit work is involved (for instance, when a course is presented in one district but not the other).

Sharing services is one way to minimize costs, an issue of importance to each existing district as expenditures are projected to increase (refer to Part 6 in the Full Report). For instance, Antietam School District will need to raise mills by 3.0944 and Exeter Township by 3.9439 to meet projected expenditures in 2014/2015. One way to avoid higher mileage rates is to lower expenditures; sharing services provides a first such opportunity without cutting academic services and programs.

The existing districts can share services with other organizations as well. In addition to academic services with other school districts or with higher education institutions, there are opportunities with local municipalities. Participating in existing contracts for outside lighting, paving, and maintenance (cleaning of storm sewers, etc.) can frequently save money for the school district. Further, many school districts share or contract with a municipality for equipment, snow plowing, brush removal, and other basic services.

Option Three: Adopting a Regional School Model

Existing Conditions

At the present time Antietam and Exeter Township School District operate separate schools. Adopting a shared school model allows both school districts to cooperatively share, build, maintain, and staff common facilities, most likely school buildings. Sharing (or jointly constructing) schools or other type of facilities is allowed under Pennsylvania law. Examples of regional schools might be a charter school, STEM school, or magnet school operated for students from Antietam School District and from Exeter Township School District. Detailed discussion and analysis of *long-term* possibilities are presented in Appendix C of the Full Report. They are presented because the options are viable and planning for the long term is to be encouraged. This summary addresses the short-term options for regional use of facilities.

The current use of school buildings in the existing districts is presented in the following table. Antietam has three buildings and Exeter Township has seven, for a total of ten buildings that could be shared. This total includes five current Elementary Schools, an Intermediate School, a Junior High School, a Middle Senior High School, Senior High School, and an administration building (though some special education students are currently housed in this building).

Class Configurations by Building
Antietam School District and Exeter Township School District

Antietam School District	Exeter Township School District
Antietam Middle Senior High School (Grades: 7 – 12) Mt. Penn Elementary Center (Grades: 2 – 6) Mt. Penn Primary Center (Grades: K – 1) Administration Building located in Middle/Senior High School	Exeter Township Senior High School (Grades: 9 – 12) Exeter Township Junior High School (Grades: 7 – 8) Reiffton Intermediate School (Grades: 5 – 6) Jacksonwald Elementary School (Grades: K – 4) Lorane Elementary School (Grades: K – 4) Owatin Creek Elementary School (Grades: K – 4) Lausch Elementary School (Administration Building)

What Will Change?

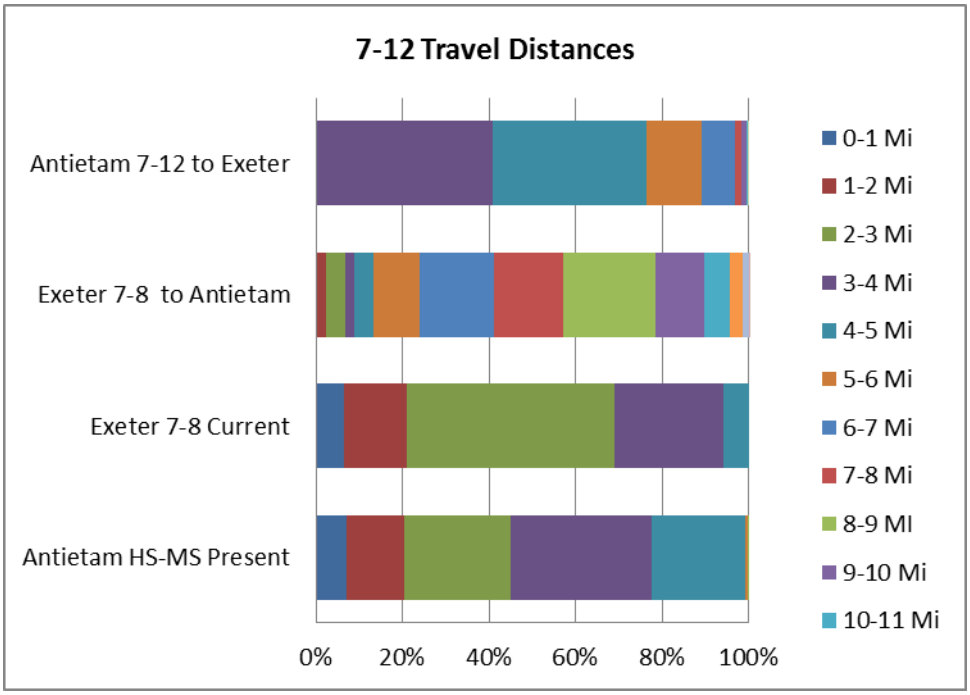
What will change is the assignment of students from each district to one of the existing ten buildings. This is done to maximize educational and student opportunities. Again, specific options for shared schools are presented in the Full Report and are, most likely, options for the future.

How Does It Change?

There are several models of shared schools that can be applied to Antietam and Exeter Township School Districts. First is the creation of a single school to serve students from both districts. Examples include an Honors School, a magnet school (school for the arts or STEM), a cyber/charter school, a building designed for students with special needs, or a shared administrative building.

Second is a model built upon student capacity by each school. Capacity here means the number of students that can be adequately housed in a single school building. These numbers are based upon standards used in school building architecture. Part 5 of the Full Report notes the student capacity of each existing building rounded to the next set of 25 students.

A third model is assigning students from both school districts to the nearest school with the needed grade level. Though some transportation costs may increase, the districts will have the ability to accommodate a higher number of students without building or expanding existing buildings—thus avoiding the need for additional debt. These changes can be calculated. For instance, should current Antietam students attend grades 7 through 12 in current Exeter Township School District buildings, none would travel fewer than three miles to their new school. About one third would travel four to five miles, and the remaining would travel five or more miles (see bar chart below). Student transportation costs are partly determined by these distances. Most of these costs would be new because student transportation is not now provided in Antietam School District at the secondary level. Travel distances for each grade can be found in Part 8 of the Full Report.



Again, cost savings may be the driver of this option, or opportunities for shared programs may determine the benefits of this option. Either way, transportation costs will play a role in the decision. Costs will depend upon the number and size of buses, the specific contract with the student transportation contractor, and the amount of the transportation subsidy received for the final plan (recall that this subsidy is partially affected by the state aid ratio).

Benefits/Challenges

When considering this option the Boards should recall there is also a cost related to excess student capacity. Expanding the educational opportunities through shared facilities can decrease the cost of individual schools. However, for the sharing to be successful it is necessary to determine upfront who will serve as the administrator for that building (again, the vendor model of shared services might work here). Additional benefits and challenges are presented in the following table.

Benefits of Adopting the Shared School Model by District	
Antietam School District	*Exeter Township School District*
More facilities (and types of facilities) for student programs are available at Exeter Township	Shared schools ensure that all current buildings remain in use and that student capacity is reserved for future growth
Schools are geographically close enough to make shared schools feasible	The excess student capacity at Antietam SD offers the opportunity to add educational programs without expansion of existing buildings
Most programs using a shared school enroll only students who volunteer for that program (charter school, for instance)	Should student enrollment exceed student capacity at any one school, additional schools can be shared (short-term or long-term) to relieve crowding
	Schools are geographically close enough to make shared schools feasible
	Most programs using a shared school enroll only students who volunteer for that program (charter school, for instance)
Challenges Using the Shared School Model	
Antietam School District	*Exeter Township School District*
Additional transportation costs will be incurred	Students and parents may not want to move to a different school
Zoning restrictions in Mount. Penn Borough might complicate the future use of existing schools	Teaching assignments might change by building or program, unless teachers are volunteers for a specific program

Option Four: Physically Combining the Existing School Districts

Existing Conditions

Consideration of combining school districts begins with the following observations:

- The Boards of Antietam and Exeter Township School Districts appear open to new possibilities and to an objective review of feasible options
- Positive change can be achieved without giving up what the existing districts would like to preserve (same class sizes, existing programs, long-observed policies, etc.)
- The initial costs of combining districts appear manageable.

The results of combining existing school districts are relatively predictable given the few changes in existing conditions expected for each district. For instance:

- At a high level, the existing districts have similar academic programs (see Part 2 of the Full Report)
- Technology can be used to share academic courses (see Part 3 of the Full Report)
- Both districts have similar academic rigor in terms of graduation and promotion requirements and grading systems (see Part 2 of the Full Report)
- With few differences, both districts have similar student test results (see Appendix B in the Full Report).

There are several questions based upon current conditions that must be addressed, however. Such challenges include finding solutions to any differences in the:

- Existing district funding sources and level
- Existing collective bargaining agreements
- Existing levels of debt for each district
- Existing tax base, tax types, and tax rates.

Still, as shown by the analyses in the Full Report, most existing differences between Antietam and Exeter Township School Districts that challenge the combining of districts can be addressed directly through cooperative planning by administrators and faculty. Examples include graduation requirements, class scheduling, academic planning, changes in student policies, common scheduling, providing additional student transportation, student club offerings, internship programs, and community projects, to name a few.

What Will Change?

There are two options legislatively available for physically combining school districts: (1) one school district becomes part of a second school district or (2) both existing districts combine into one new school district. Following the directions of the School Boards, this analysis focused upon the first option. When an existing school district becomes part of another district the receiving district assumes instruction for all students. Further, title to all property and assets of the former school district becomes claims, obligations and contracts of the continuing school district (including all employees of the first school district). The collective bargaining agreement remains in effect in the first district until the expiration date of the agreement or until a new collective bargaining agreement is approved in the continuing school district, whichever occurs

first. The School Board of the continuing school district remains intact, and representation is expanded to those municipalities in the former district. A detailed account of this process is included in Part 3 of the Full Report.

Some changes will be more challenging; they include standardizing collective bargaining agreements, smoothing differing tax rates, assuming existing debt, and bringing together separate curriculums.

How Does It Change?

Expected outcomes of a combined school district follow two incentives: (1) expanded (or preserved) academic opportunities for students and the community, and (2) use of economies of scale allowing the resulting larger district to decrease the cost of local education to the taxpayer. For an increasing number of school districts in Pennsylvania, combining operations will not be an option—it will be needed to simply keep open the doors of existing schools. Fortunately, this is not the case for Antietam and Exeter Township School Districts, but options to reduce costs do exist.

The primary reason to combine districts is taking full advantage of existing academic and student support opportunities. Every aspect of this feasibility study addresses the educational goals of students including:

- Preserving successful programs and positive learning environments now in place
- Expanding the range of academic programs/services available to each student
- Minimizing instructional costs by filling classrooms and decreasing the number of administrators
- Increasing the diversity and availability of courses
- Scheduling programs/courses that take best advantage of the combined faculty's expertise
- Increasing the number of clubs and extracurricular options for students
- Competing successfully with other student options such as charter schools.

There are specific reasons for Antietam School District and Exeter Township School District to consider a combined district. They are summarized in the following table.

Specific Issue	Advantages for Antietam School District	Advantages for Exeter Township School District
Administration	• There may be considerable changes in district administration over the next three years • Administrative costs for current taxpayers will diminish • Certain professional positions, such as program and department coordinators will now be available	• Most combined functions can be maintained without additional staff or expenditures beyond those provided by the former district • Experienced, competent administrators are available in both school districts
Collective Bargaining	• Most agreements will benefit Antietam professionals because Exeter Township SD has a richer contract • Combining faculty will coincide with	• An increase in number of professional staff provides additional administrative options and may decrease costs per capita (for instance, a lower risk pool for health care insurance premiums as

	the onset of the next bargaining agreement • Nonprofessional employees will be now be covered by collective bargaining	the Antietam teacher group is relatively younger) • Combining faculty will coincide with the onset of the next bargaining agreement • No changes in the existing Exeter Township SD contract will be necessary due to a combining of faculty • Negotiating a contract for a combined school district coincides with the need for a new collective bargaining agreement
Facilities and Student Capacity	• There will no longer be a need to operate school buildings below student capacity • There are more types of instructional facilities at the Exeter Township SD (vocational education and special education, for instance) for the advantage of Antietam students	• Exeter Township has less opportunity for expansion at certain grade levels; combining districts offers access to more classrooms without additional building or debt • Access to facilities in the existing Antietam SD offers possibilities for enrollment growth or for specific academic programs in need of space
Revenues	• A more stable revenue stream is provided when combined with the larger population of Exeter Township SD	• Additional revenues from combining existing districts will offset the cost of additional students • There will be no loss in the amount of state aid due to combining of districts; though there is the possibility of a small increase in state aid when combined with Antietam SD • A stronger local revenue base provides some reprieve against anticipated loss of future revenues from the Pennsylvania Department of Education • Exeter has more business appeals to property assessments
Academics	• Chance to expand programs for students beyond the fiscal ability of the existing district • Many more courses will be added for student election • There are additional or expanded programs for advanced placement, honors courses, and specialized arts and sciences programs	• Antietam SD faculty bring courses and programs to Exeter Township SD beyond those currently offered • A combining of districts brings increased diversity to the long list of current programs and academic courses • There are additional or expanded programs for advanced placement, honors courses, and specialized arts and sciences programs
Student Services	• The number of student clubs, social events, and extracurricular events will be greatly increased for existing Antietam SD students	• Antietam SD brings a number of new clubs, interests, and support services to Exeter Township SD • A larger student body helps assure that student programs/individual courses will reach minimum numbers to be offered and sustained • There will be a larger pool of teachers to serve as student group mentors, sponsors, and leaders

Benefits/Challenges

In many ways the timing is right to consider options for the combining of Antietam and Exeter Township School Districts. There are no external pressures, no immediate needs for new buildings or renovation, no pressures from enrollment growth, and no sudden decreases in the tax base.

There are also challenges. Combined efforts are not without risk, pitfalls, and controversy. It requires additional effort from administrators and teachers to ensure its success, and a commitment from the general community to support the goals of combined districts. Hence, if this option cannot earn professional, community, or taxpayer support, challenges may become overwhelming.

That said, Antietam and Exeter Township School Districts absolutely present opportunities for combined solutions for the mutual benefit of its students, communities, and taxpayers. Further, these opportunities are enhanced if Antietam School District becomes part of Exeter Township School District. We believe, should the respective communities decide to combine, that planning and implementation could be completed by the 2015/2016 school year if the combined district approach is approved in the near future. A more detailed listing of benefits and challenges is presented in the following table.

Benefits and Challenges of Option Four: A Combined School District	
Benefits for Physically Combining the Existing Districts	**Challenges to a Physical Combining of the Existing Districts**
Physical combining of districts offers: • *Long-term* cost savings for new construction or building renovations when shared across the combined tax base of both existing districts; further, cost of new construction/renovation per student is lowered through economics of scale • An opportunity to build a "Community Education Center" that prepares students and more fully serves all residents of the Antietam and Exeter Township School District regions • The ability to offer a more diverse array of courses without adding teachers or additional instructional expense • Increased attention to exceptional students of all types (challenged, disabled, advanced, talented, etc.) • The timely opportunity to take advantage of the common characteristics and a history of collective programs/resources observed in these communities • Potential lower facility costs through the need to maintain fewer buildings • A consolidated educational program that combines the very best of each district's current instructional program • The ability to consolidate within a common tax base structure for Berks County – shared	Physical combining of districts to be successful, must: • Address the disruption, and expected opposition to, potentially changing the existing grade organization and building locations of community schools • Minimize any loss of participation in athletic teams and the varsity sports program • Ensure that all communities and schools be perceived as treated fairly in the combining of districts (no one benefits more than others) • Account and negotiate away (eventually) differing salary scales for current professional collective bargaining agreements at each existing district • Resolve current differences between professional collective bargaining agreements; this is dependent upon good faith negotiating by all parties • Smooth and equalize millage differences that currently exist in each existing district to equally tax all residents in a consolidated district • Address the questions and concerns of parents (some parents may threaten to send children to private schools if districts are combined) • Establish a common schedule and identify a single scheduling software program

assessments and elections, for instance
• Wider use of Technology Integration including:
  o Teacher proficiency in use of technology for instructional purposes
  o Student proficiency in use and understanding of technology
  o Integration into instruction
  o Shared courses and faculty	

Specific Financial Challenges for Combining School Districts

Bargaining Agreements

Pennsylvania law dictates that when two contracts are combined the higher salary amount must be used. In reality this means that the existing Exeter Township contract will become the contract for the combined district, at least in terms of salary and direct benefits.

Moving Antietam teachers onto the Exeter Township Collective Bargaining Agreement in 2010/2011 would have increased teacher salaries for that year by $697,543. The corresponding increase for Social Security payments was $13,877 and the increase for pension payments was $34,877. The total increase for salary, Social Security, and pension contributions would have been more than $745,000. Such differences are difficult to reconcile when one district has a higher starting salary or higher salaries at the top steps of each pay level. In this case both challenges are present: one district (Exeter Township) has higher salary points for each level and each step for each level. There are also significant differences in the existing levels and salary steps between these two districts.

In addition, Exeter Township School District has two additional agreements for nonprofessional staff. All staff in a combined district would be covered by these existing agreements.

Amount of Debt

The total amount of principal outstanding general obligation (GO) debt for the Antietam and Exeter Township School Districts was $107,533,858 as of Dec. 20, 2012. The two school districts issued GO debt to finance a variety of school building construction and/or renovations projects as well as fund other capital projects. Proceeds of the current bond issues were also used to refund prior GO debt. In general, the outstanding issues are bonds with maturities of 20 years or less.

General obligation bonds issued by school districts in the Commonwealth of Pennsylvania are payable from taxes and other school district revenues. If the district fails to meets its debt obligation, Section 633 of the Public School Code of 1949 permits the Secretary of Education to withhold state funding owed to the district equal to the amount of debt service not paid. This withholding provision or “intercept” provides an additional element of security to Pennsylvania school district GO bonds. The school districts receive some state subsidies on the revenue side for debt service on approved projects that offset a portion of expenditures for debt services.

Best practice for school district finances recommends that debt service as a percentage of general fund expenditures remain under 10 percent. A range of 10 to 15 percent of general fund expenditures is considered cause for concern. A range of 15 to 20 percent of general fund expenditures may be viewed as an excessive burden.

In comparison, the average debt service as a percentage of general fund expenditures for Pennsylvania school districts was 6.1 percent in 2006/2007 and 6.45 percent in 2010/2011. Although Antietam has shrunk its debt service payments to slightly less than 10 percent for the last three years, Exeter Township has remained well over 10 percent during the same time period.

While the Antietam and Exeter Township School Districts might currently have sufficient resources so that the debt burdens now carried are not onerous, the districts are at a level where significant additional debt could be cause for concern and would be above best municipal financial practices.

Tax Base and Tax Revenues

A significant challenge is introduced when there is a difference in millage rates. The viable option scenario for the combined District would apply the lower tax rate to all residents; hence, taxpayers in all four municipalities within the combined district would pay the same number of mills.

There are basically three methods of overcoming this loss: (1) counterbalance lower revenues with lower expenses accomplished through the shared services or combined programs, (2) draw down on reserves from the existing school districts, or (3) obtain additional state funding to help finance the umbrella combined effort.

Staffing

Combining school districts would eliminate duplicative administrative positions (superintendents, financial officer, etc.) for a savings of $552,533 annually. Faculty size reductions could be estimated by three different methods. The first method is based upon the number of duplicated courses to be adjusted in a combined district. Based upon the number of sections and certifications of existing faculty about 11 positions would be duplicated. This duplication adds $625,463 to the annual payroll.

A second method compares faculty size in the combined school district with other districts in Pennsylvania based upon similar enrollment and expenditures. Here the combined district has 22 additional teachers at an annual cost of $1,246,424.

A third method takes the number of all existing classes with fewer than 15 students and combines those classes (but none higher than 30 students). Under this scenario about 38 teaching positions would be adjusted; however, this is not a realistic action or expectation in the earliest years of a combined school district. In 2010/2011 there were 111 classes in Antietam SD with fewer than 15 students and 157 classes at Exeter Township SD, for a total of 268 classes.

It will take several years to adjust faculty size and function to the new combined district; a savings of more than 11 teachers should not be expected in the earliest years. Plus, teachers lost in ways other than attrition would be the lowest paid (on average). A detail analysis of teaching and administrative positions is found in Part 7 of the Full Report. A summary of those discussions follows.

Summary of Financial Challenges, 2010/2011 School Year		
Challenge	**Needed Actions and Resolution**	**Estimated Savings or Cost for Combining Existing Districts**
Establish the appropriate administrative team for the combined district	• Take the two existing administrative teams and create a single team that best meets the needs of the combined district	Savings - $552,533
Negotiate a single collective bargaining agreement for the combined district	• Non-professional staff collective bargaining agreements will be applied to current Antietam SD staff (there are no current contracts) • Professional staff will need to be added to the Exeter Township SD contract	Cost - $26,000 Cost - $745,000
Assumption of debt	• The consolidated district would assume the debt of the other school district • Debt service for Exeter Township is higher than that of Antietam (on a per student or per taxpayer basis) • Residents of the current Antietam SD will pick up additional debt for sending students to Exeter Township SD; however, the millage rate should be stable	No change or savings anticipated
Change in tax rates and revenues	• There are incongruities in municipal taxes that run afoul of the state's Uniformity Act that are related to the mercantile tax • There is a difference in millage rates; for 2010/2011 the rate for Antietam was 32.35 and the rate for Exeter Township was 29.624 • It is expected that the Exeter Township rate will be used for the consolidated district	Cost - $628,850
Adjust the number of faculty to address any new curriculum	• Based upon duplication of teaching assignments up to 11 positions could be reviewed • Based upon comparisons with other school districts in Pennsylvania based upon enrollment and expenditures up to 22 positions could be reviewed • Based upon courses in the existing districts that have fewer than 15 students up to 38 positions could be reviewed (but this is probably unrealistic given how assignments by type of class and by certification are mandated)	Savings (11 teachers) - $625,463

In stark contrast to most feasibility studies, the actual upfront costs of combining Antietam and Exeter Township School Districts seem insignificant. While exact costs for additional expenditures, such as more athletic uniforms and band uniforms, have not been established, they do constitute most of these additional costs. Further, keeping the name of one of the existing school districts also greatly reduces upfront costs.

Most of the additional costs identified in this analysis could be offset by savings due to fewer administrators and faculty, shared services, avoidance of future debt due to building expansion or renovation, and time before the combining of districts takes place to adjust collective bargaining agreements and curriculum changes.

Financial Summary by Option

The expected differences in revenues and expenditures for each of the four options are presented in the following tables. In each case the following financial summaries were developed using the 2012-2013 school year.

Please note: This section indicates that both districts operated a deficit budget 2012-13. This is incorrect and the document is being revised accordingly.

Option One: Maintaining the Status Quo

If no changes occur during the current school year it is expected that expenditures will exceed revenues by $396,147 for Antietam and that expenditures will exceed revenues by $632,336 for Exeter Township. This does not mean that either school district will run a deficit for the current school year; lowered expenditures or one-time sources of revenue (such as a rainy day fund) can be used to offset the final difference shown in the next table. The numbers provide a base to show how revenues and expenditures would change under the following options.

	Antietam	Exeter	Combined
Revenues	$ 14,871,996	$ 62,419,859	$ 77,291,855
Expenditures	$ 15,268,143	$ 63,052,195	$ 78,320,338
Surplus/(Deficit)	$ (396,147)	$ (632,336)	$ (1,028,483)

Option Two: Shared or Combined Services and Programs

A very conservative number is added to the mix for combined or shared services this year. However, the potential for savings greatly increases in future years as described in the Full Report. For the current year, though, a savings of $15,000 might be anticipated.

	Antietam	Exeter	Combined
Revenues	$ 14,871,996	$ 62,419,859	$ 77,291,855
Expenditures	$ 15,268,143	$ 63,052,195	$ 78,320,338
Surplus/(Deficit)	$ (396,147)	$ (632,336)	$ (1,028,483)
Estimated Savings			
Professional Development ($10,000 to $20,000)			$ 10,000
Food Service ($5,000 to $10,000)			$ 5,000
Net Savings			$ 15,000
Net Surplus/(Deficit)			**$ (1,013,483)**

Option Three: Adopting a Regional School Model

As seen in the following table, if a regional school model had been adopted for the current school year, potential savings of $1,020,000 would be possible. Adoption of option three would have eliminated all but $8,483 of the combined school district difference between revenues and expenditures for this year. However, there may be specific additional student transportation

costs depending upon which building(s) were shared by the existing districts. Such transportation costs would be offset by subsidies from the Department of Education.

	Antietam	Exeter	Combined
Revenues	$ 14,871,996	$ 62,419,859	$ 77,291,855
Expenditures	$ 15,268,143	$ 63,052,195	$ 78,320,338
Surplus/(Deficit)	$ (396,147)	$ (632,336)	$ (1,028,483)
Estimated Costs:			
Transportation (additional costs might be encountered based upon the model)			Unknown
Estimated Savings:			
Building operations savings			$ 900,000
Teaching staff reduction (2)			$ 110,000
Co-curricular cost reductions			$ 10,000
Net Savings			$ 1,020,000
Net Surplus/(Deficit)			**$ (8,483)**

Option Four: Physically Combining the Existing School Districts

If the existing school districts had physically combined into a single district (one administration, one faculty, one School Board, etc.), the following changes were possible for this school year (2012/2013). Reducing millage rates for Exeter Township School District represents a loss of $820,085 and an additional cost of $771,000 is seen for current Antietam School District employees under the three Exeter Township School District collective bargaining agreements.

The final amount also includes savings from combined building operations, from a gradual reduction in number of faculty, and for administrative changes (fewer administrators).

As seen in the following table, a combined school district would have experienced savings from $2,167,996 to $2,788,957 based upon the number of faculty. However, the combined district would also experience added costs associated with the loss of property taxes ($820,085) and increases in the cost ($771,000) of personnel due to the transfer of Antietam personnel to the Exeter Township collective bargaining agreements. Total potential savings then depends upon the number of faculty: a decrease of 11 teachers would save $625,463 and a decrease of 22 teachers would save $1,246,424. Given that the actual number of faculty in the combined district may be somewhere between these two numbers, the net surplus/ deficit is reported in a range.

This analysis is not a recommendation to eliminate teaching positions; it provides a *potential* savings as curriculums and course work are combined and the number of very small classes is reduced.

	Antietam	Exeter	Combined
Revenues	$ 14,871,996	$ 62,419,859	$ 77,291,855
Expenditures	$ 15,268,143	$ 63,052,195	$ 78,320,338
Surplus/(Deficit)	$ (396,147)	$ (632,336)	$ (1,028,483)
Revenue Reduction:			
Real Estate taxes calculated at lowest current millage			$ (820,085)
Estimated Costs:			
Transportation (No current estimate available)			Unknown
Salary/benefit increases under the Exeter Township faculty collective bargaining agreement*			$ (745,000)
Salary/benefit increases for nonprofessional staff under the Exeter Township collective bargaining agreements*			$ (26,000)
Net Costs (Will change depending on transportation)			$ (771,000)
Estimated Savings:			
Building operations from combining school districts			$ 990,000
Teaching staff reduction:			
Based on course offerings (11 teachers)			$ 625,463
Based on peer districts (22 teachers)			$ 1,246,424
Administrative changes			$ 552,533
Net Savings (Depending upon teaching staff reduction method)			$ 2,167,996 to $ 2,788,957
Net Surplus/(Deficit)			**$ (451,572) to $ 169,389**

*These figures are based upon the 2010/2011 school year because future collective bargaining agreements are now under negotiation.

Please note that the final line of the above table (Net Surplus/Deficit) is computed including the expected difference in revenues and expenditures ($1,028,483) for the 2012/2013 school year.

In reality, the loss of real estate revenues can be phased in between this school year and the year the school districts are combined to avoid a sudden decline. Similarly, teacher position reductions (if they occur) can be accomplished through attrition over time.

The Process of Combining School Districts

The Role of the Board of Antietam School District and Board of Exeter Township School District is outlined in 30 PL 224 (1949) and 1034 PL (1966). In essence, any two or more school districts or administrative units may combine to create a larger school district. The Board of School Directors of each school district desiring to form such a combination shall, by a majority vote, adopt a resolution outlining the areas to be combined and file an application for approval to the Superintendent of Public Instruction.

As stated by the Pennsylvania Department of Education: "The philosophy of local control has a strong tradition in Pennsylvania. Each school district through its locally-developed strategic plan outlines how it will assist students in meeting the state's academic standards, including requirements for high school graduation. School boards must approve school district policies and educational practices including the school district's curriculum and policies for grading, promotion, grade retention, student discipline and athletic teams."

The School Boards of Antietam School District and Exeter Township School District (each and separately) need to approve a combining of districts by resolution. No public referendum is necessary. This resolution will include the effect date of the consolidation, meaning that the vote to combine districts can occur months or years before it is legally implemented. This lead time allows planning for designing a single curriculum, negotiating of existing collective bargaining agreements, and a host of other necessary activities.

A written agreement between the existing school districts is part of the consolidation process. This agreement outlines how the consolidated district will operate in terms of programs, locations, and grade structure for a specified period of time (three years is recommended to complete the necessary planning and implementation), and that the written agreement is binding on the new joint interim school board.