Final Report

Merger Feasibility Study for Alfred-Almond, Arkport, and Canaseraga

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Chapter 1
Introduction

In today's fiscal and educational environment, school districts all over New York State are wondering if they can continue to exist in their present form. Many are exploring various options to fundamentally change the way they are organized in an effort to continue providing their students a 21st century education at a cost that local taxpayers can bear. School district merger is one organizational option that is being considered. Alfred-Almond, Arkport, and Canaseraga have chosen to consider this path. However, unlike many other school districts, these districts first chose to explore the possible configurations of the three districts to determine which, if any, hold the most potential promise for merger prior to engaging in an extensive merger study.

This merger feasibility study examined the advantages and disadvantages of various district combinations. Castallo & Silky, an education consulting firm from Syracuse, New York, worked with the districts to complete the study.

The consultant began by requesting a significant amount of information from all three school districts. Once this information had been secured, a meeting with key school district staff was held to review the information and to probe other critical areas of district operations. The consultant organized and analyzed the information resulting in this written report.

It should be clear to the reader that this is a merger feasibility study and not a merger study. This study examines which combination(s) of districts might be advisable to consider entering into a formal merger study. This is not a study of any combination of districts considering merger. A merger study would involve community committees from the respective districts and would examine each of the topics discussed in this study in far greater detail. Also, the State Education Department and the District Superintendent would oversee a complete merger study. Subsequent to the completion of the merger study, the districts would decide whether or not to put the question of merger up for a community referendum. This study will be used by the participating districts to decide whether a formal merger study in the future would be in the best interest of their districts.

Chapter 2
Acknowledgements

A study of this magnitude could not be accomplished without the assistance of many individuals. We wish to thank the following people who generously provided assistance as we went about our work.

First and foremost, we wish to thank the superintendents of the three study districts: Rich Calkins, Alfred-Almond; Glenn Niles, Arkport; and Kelly Houck, Canaseraga. These superintendents not only provided access to district records and staff so that we might have a complete data set to make our recommendations, but even more importantly, they provided courageous leadership by even initiating this investigation. Merely mentioning the "M" (merger) word evokes a great deal of emotion in local communities. Despite this, these three school leaders recognized that, for their districts to continue delivering a quality education, bold action needed to be taken—and they have done so.

We would also like to recognize the boards of education from Alfred-Almond, Arkport, and Canaseraga for their leadership and foresight to provide the best possible education for their children within the financial realities of their communities. These boards are asking difficult but important questions about the future of their school districts and communities and they should be applauded for their efforts.

Chapter 3
Background Information

The Alfred-Almond, Arkport, and Canaseraga school districts are all located on the border of Allegany and Steuben Counties near the city of Hornell. Located approximately one hour south of Rochester, these districts are located in the southern tier region of New York State. The districts are primarily rural in nature with all three districts being components of the Greater Southern Tier BOCES. All three school districts play a very important role in their communities. The districts are fairly similar as shown in the background information in table 3.1.

Table 3.1
Background Information on the Districts

	Alfred-Almond	Arkport	Canaseraga
Superintendent	Richard Calkins	Glenn Niles	Kelly Houck
2011-12 Enrollment	627	517	253
Square Miles in District	102	64	78
BOCES Affiliation	GST	GST	GST
Transportation Aid Ratio	.90	.90	.90
Building Aid Ratio	.883	.911	.926
BOCES Aid Ratio	.783	.811	.787
Combined Wealth Ratio	.552	.428	.458
True Tax Rate-2012-13	$23.07	$20.53	$19.15
Grade Level Configuration	Pre-K-6; 7-12	K-6; 7-12	Pre-K-12
Eligible for Free Lunch	21%	22%	40%
Eligible for Reduced Price Lunch	10%	10%	10%
3 Year Average Free & Reduced Price Lunch	32.95%	32.32%	47.28%
White	95%	97%	98%
Hispanic or Latino	1%	-	2%
Asian/Hawaiian/Other Pacific Islander	3%	1%	-
Multi Racial	-	1%	-
Annual Attendance Rate	96%	98%	96%
Student Suspensions	1%	7%	4%

The three superintendents meet on a regular basis to share common concerns and initiatives. In 1997, the Arkport and Canaseraga school districts went so far as to engage in a merger study by annexation. When the merger study was completed, the public

referendum was voted down by a very narrow margin and merger was then removed from consideration. Today, however, times are different and discussion of examining a possible merger of two or more of the districts is again being entertained. This interest in possibly merging school districts has led to this investigation. The purpose of this investigation is to determine which combinations of districts, if any, make good partners for conducting a merger study.

Chapter 4
Possible District Combinations

School districts that wish to entertain a possible merger in New York State can only pursue merger with other districts that are contiguous or that share common borders. Alfred-Almond is not contiguous with Canaseraga. Therefore, a potential merger of Alfred-Almond with Canaseraga is not legally permitted in New York State.

Looking at the geographic boundaries of the three districts in this study, it was determined that there are three combinations of districts that could potentially pursue a merger study:

All three districts merging into one district:

A. Alfred-Almond, Arkport, and Canaseraga

Two other two-district combinations:

B. Alfred-Almond and Arkport

C. Arkport and Canaseraga

The body of this report is organized around the indicators that mark a successful merger of school districts. Within the discussion of these indicators, all three possible combinations of the school districts will be addressed.

Once all of the indicators have been evaluated, advantages and disadvantages are identified regarding the overall likelihood that the particular combination of districts is worthy of a full merger study.

Chapter 5
Student Enrollments

An analysis of enrollments is important for all school district planning. Most upstate New York school districts are currently experiencing prolonged enrollment decline. Enrollment decline initiates attendant problems—reducing sections of grades and perhaps laying off staff, reconfiguring grades or attendance boundaries, and in the most extreme circumstances, even closing school buildings. For these reasons, it is critical that the future enrollments of any combination of these three districts be studied to determine if there will be a decline and, if so, predict the related problems this might precipitate. Tables 5.1-5.3 illustrate the future enrollment projections for each of the possible combinations of districts.

Table 5.1
Enrollment Projections-Three District Combination

District	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Alfred-Almond	626	650	663	665	667	670	696	696	704
Arkport	514	504	501	481	483	471	467	464	467
Canaseraga	253	252	243	241	234	225	225	220	220
Total	1,393	1,406	1,407	1,387	1,384	1,366	1,388	1,380	1,391

Examining Table 5.1, it is apparent that two of the three districts (Arkport and Canaseraga) are projected to see enrollment declines while the enrollment in Alfred-Almond is projected to increase from 650 to 704 students over the next seven years. As a single district, enrollment will change very little over the next seven years.

With respect to the size of the high school, a three-district merged high school is projected to have 432 students in grades 9-12 in 2015-16. To get a perspective on a high school of that size, the following school districts are shown with their current enrollments for grades 9-12.

Candor-448
Dundee-446
Franklinville-440
Byron-Bergen-436
Lansing-436
Holland-431
Sidney-430

Table 5.2 Enrollment Projections: Alfred-Almond and Arkport									
District	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Alfred-Almond	626	650	663	665	667	670	696	696	704
Arkport	514	504	501	481	483	471	467	464	467
Total	1,140	1,154	1,164	1,146	1,150	1,141	1,163	1,160	1,171

In examining the enrollment trends for a merged Alfred-Almond and Arkport school district, we again find that enrolments would remain essentially flat going from 1,154 students in 2012-13 to 1,171 in 2019-20. This shows that the growth in enrollment projected for Alfred-Almond will approximately equal the enrollment decline in Arkport.

The merger of these two districts would result in a high school enrollment of approximately 361 students in grades 9-12 in 2015-16. That would compare with the following school districts' grades 9-12 enrollment.

Tioga-378
Letchworth-375
Spencer-Van Etten-372
Port Byron-363
Perry-354
Bloomfield-354
South Seneca-347

Table 5.3 Enrollment Projections: Arkport and Canaseraga									
District	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Arkport	514	504	501	481	483	471	467	464	467
Canaseraga	253	252	243	241	234	225	225	220	220
Total	767	756	744	722	717	696	692	684	687

Enrollments in a merged Arkport and Canaseraga district will decline. This is due to the fact that individually, both Arkport and Canaseraga are expected to lose enrollment over the next seven years. As a merged district, enrollment is projected to decline from 756 in 2012-13 to 687 in 2019-20, a decrease of 69 students or 9.1%.

A merger of Arkport and Canaseraga would have a high school enrollment of approximately 221 students in grades 9-12 in 2015-16. This would compare with the following districts' enrollments for grades 9-12.

Keshequa-271
Newfield-268
Panama-253
Sherman-239
Genesee Valley-230
Cincinnatus-192

All three school districts have policies regarding the admission of non-resident students. While each district has slightly different admission and retention procedures, all three districts charge tuition for non-resident students as shown in table 5.4 that follows.

Table 5.4
Tuition Charges for Non-Resident Students

Alfred-Almond	$1,500 per student plus $750 for each additional student from the same household
Arkport	$1,100 for one child and $1,255 for more than one child in the same immediate family
Canaseraga	$500 for the first child and $100 for each subsequent child from the same family

Table 5.5 that follows shows the number of non-resident students that attend school in each of the study districts.

Table 5.5
Number of Non-Resident Students in Each District

Year	Alfred-Almond	Arkport	Canaseraga
2009-10	44	56	9
2010-11	26	58	9
2011-12	32	51	9
2012-13	40	41	9
2013-14	46	43	7

As can be seen from table 5.5, the number of non-resident students attending the three study districts has remained increased by 2 students in Alfred-Almond, decreased by 13 students in Arkport, and decreased by 2 students in Canaseraga. Based on these data, there is no reason to believe that the number of non-resident students will change

dramatically in the future and that the enrollment projections contained in this study are therefore valid.

Chapter 6
Academic Program

We always encourage any school board that is considering a possible merger discussion to do so with the primary intent of sustaining and hopefully enriching the educational program for the young people of the community. In all merger discussions, it is essential to discover what each of the districts brings to the curricular offerings of the other.

Looking first at the elementary school program, Alfred-Almond and Canaseraga offer a universal pre-kindergarten program. The UPK program offered in Arkport is contracted with an outside agency. Table 6.1 that follows shows the elementary sections that are offered in the 2012-13 school year.

Table 6.1
Elementary School Section Sizes-2012-13

Grade	Alfred-Almond	Arkport	Canaseraga
Pre-K	18	10, 10*	13
Kindergarten	14, 13, 16	16, 17	11
1	22, 21	15, 17	18
2	17, 16, 17	23, 22	14
3	17, 15, 17	22, 22	19
4	20, 20	20, 18	19
5	18, 16, 17	14, 18	16
6	18, 14, 15	17, 16	16
* The Pre-K program in Arkport is contracted with an outside agency			

While understanding the elementary school section sizes is important, school districts that merge often choose to leave the elementary schools where they are located at the time of the merger. This provides a school presence in each of the communities and allows the youngest students to have the shortest bus rides from home to school and back.

For this study, we have summarized high school course offerings that each of the three school districts would bring to a newly formed district. The following table 6.2 summarizes these offerings.

Table 6.2 High School Course Offerings-2013-14 (x=Section)			
Course	Alfred-Almond	Arkport	Canaseraga
ENGLISH			
English 9	xxx	xx	x
English 10	xxx	xxx	x
English 10 Lab			x
English 11	xx	xx	xx
English 12		xx	
Journalism	x		
Foreign/American Film	x		
AP English-Composition & Literature	x		x
AP English-Language & Composition	x		x
THINK			x
Contemporary Media			x
SOCIAL STUDIES			
Global History I	xx	xx	x
Global History II	xxx	xxx	xx
US History & Government	xx	xxx	x
P.I.G./Economics	xx	xx	xx
African American Studies/Geography	x		
AP Government	x		
AP Social Studies	x		
Government-College Credit		x	
Economics-College Credit		x	x
US History-College Credit			x
History of Film			x
MATHEMATICS			
Algebra 1	xx	x	x
Algebra 1A	xx	x	x
Algebra 1B	xx		x
Integrated Algebra II		x	
Geometry	xx	xx	x
Geometry A	x		
Geometry B	x		
Algebra 2/Trig	xx	xx	x
Algebra 2/Trig Lab			x
Trig-Independent Study			x
Math 11		x	
Math 12-Pre-Calculus	x		
Pre-Calculus-College Credit		x	
Math 12-Statistics		x	
Statistics-College Credit		x	x
Calculus I		x	

Tech Prep Math	x		
Math Support	x		
SCIENCE			
Earth Science	xx	xx	
Earth Science Lab	xx	x	
Environmental Science			x
Living Environment	xx	xxx	xx
Living Environment A	x		
Living Environment B	x		
Living Environment Lab	xx	x	xx
Chemistry	xx	x	x
Chemistry Lab	xx	x	x
Chemistry-Independent Study			x
Physics	x	x	
Physics Lab	x		
AP Biology	x		
Science Support	x		
Forensics		xx	x
LANGUAGES OTHER THAN ENGLISH			
French 7	x		
French 8	x		
French 2	x		
French 3	x		
French 4-College Credit	x		
AP French	x		
Spanish 7	x		
Spanish 8	x	xx	x
Spanish 1		xx	x
Spanish 2	x	xx	
Spanish 3	x		x
Spanish 4-College Credit	x	x	x
AP Spanish	x		
COMPUTER SCIENCE			
21ST Century Computing Skills	xxxx		
Digital Media-Drawing & Design	xx		
Digital Media-Game Design	x		
Computer Programming 1 & 2	x		
Digital Design			x
Computers-10			x
TECHNOLOGY			
Computer Aided Design	x	x	
Materials Processing	x		
Transportation Systems	x		
Technology Today			x
BUSINESS			

Marketing	x		
Computer Applications	x		
Career & Financial Management	x	x	x
Entrepreneurship	x		
Business Law	x	x	
Business Math			x
Advanced Keyboarding		x	
Sports Management Marketing		x	x
Accounting		xx	
Senior Seminar		x	
Fashion Design			x
ART			
Studio Art	xx	x	x
Advertising & Packaging Design	x		
AP Art	x		
Photography		x	
Drawing & Painting		x	
Advanced Art			x
MUSIC			
Music in our Lives	x		
AP Music	x		
PHYSICAL EDUCATION			
High School PE	xxxxxxxxxxx	xxxxx	xxxxx
Fitness			x
HEALTH			
Health 10	x	x	x
OTHER			
Home & Careers	x	x	
AIS		xxxx	x
Core Lab			x
Senior Service Learning			x
Professional Learning Experience			x
Unexplained			x

Information in table 6.2 does not include data about study halls or resource rooms. The table clearly demonstrates that each district offers some unique courses that would benefit students from any of the other districts. For example, Alfred-Almond offers a journalism course and a course in African-American Studies, Arkport offers a government course for college credit and a forensics course, and Canaseraga offers courses in contemporary media and fashion design. While all three districts offer Spanish, Alfred-Almond is the only district that also offers French. In addition, Alfred-Almond

has an articulation agreement with Alfred University where students are able to take college course work on campus on a daily basis at a greatly reduced cost.

In Table 6.3 that follows, we have analyzed how many course offerings each district has in each discipline at the high school level.

Table 6.3
Number of Course Offerings in Each District

Discipline	Alfred-Almond	Arkport	Canaseraga
English	7	4	8
Social Studies	7	6	7
Mathematics	10	9	8
Science	12	8	7
Languages Other than English	12	4	4
Computer Science	4	0	2
Technology	3	1	1
Business	5	6	4
Art	3	3	2
Music	2	0	0
Physical Education	1	1	2
Health	1	1	1
TOTAL	66	42	46

In looking at the number of high school offerings across the three districts, it is apparent that Alfred-Almond offers the greatest number of courses, most of which come in the area of science and in offering French as a second language. This analysis is not surprising in that Alfred-Almond is the largest high school and larger high schools nearly always offer a greater number of courses than do smaller high schools. In fact, this is one of the major reasons that school districts consider merging. They understand that by combining high schools, a larger number of students will be in the merged high school and, as a result, more courses will be available to the students.

The two merger options that include Alfred-Almond would permit the other school(s) to offer the greatest number of courses and would provide French as a second language. However, whatever merger combination is considered, students from every district would benefit by having access to the courses from the high school with which it would be merging. Therefore, this does not appear to be a major consideration in determining the optimum merger combination(s).

Chapter 7
Athletics

Interscholastic athletics can evoke strong emotions in people. Athletics are often a great source of community pride and can serve to provide a well-rounded education for the students in a school district.

All three districts are Class D or DD schools except for Alfred-Almond soccer that plays as a C level school. Alfred-Almond and Arkport play in the Steuben County Athletic League while Canaseraga plays in the Allegany County Athletic League. There is limited sharing of athletic teams that is currently taking place with respect to these three school districts although all three districts have shown a willingness to provide these shared opportunities for their students.

Tables 7.1 - 7.3 that follow show the number of interscholastic athletic opportunities that are available to the students in each in the three study districts as well as their participation rates for the 2012-13 school year.

Table 7.1
Interscholastic Athletic Participation Rates-Fall-2012-13

Fall Sport	Alfred-Almond	Arkport	Canaseraga
Soccer, Varsity Boys	20	18	14
Soccer, JV Boys	20	19	
Soccer, Modified Boys	34	15	
Soccer, Varsity Girls	21	15	15
Soccer, JV Girls	21	15	
Soccer, Modified Girls	24	16	14
Cross Country, Varsity Boys		6	
Cross Country, Varsity Girls		14	
Cross Country, Modified		9	
Volleyball, Varsity		10	
Volleyball, JV		7	

Table 7.2 Interscholastic Athletic Participation Rates-Winter-2012-13			
Winter Sport	Alfred-Almond	Arkport	Canaseraga
Basketball, Varsity Boys	11	8	8
Basketball, JV Boys	12	8	6
Basketball, Modified Boys	14		
Basketball, Varsity Girls	9	10	14
Basketball, JV Girls	11	13	
Basketball, Modified Girls	7	12	8
Wrestling, Varsity	19	14	
Wrestling, Modified	5	13	
Cheerleading, Varsity		14	
Cheerleading, JV		11	
Skiing, Varsity	10		5
Skiing, Varsity Boys		6	
Skiing, Varsity Girls		3	
Skiing, Modified		8	3
Swimming, Varsity Boys	20		
Swimming, Modified	13		

Table7.3 Interscholastic Athletic Participation Rates-Spring-2012-13			
Spring Sport	Alfred-Almond	Arkport	Canaseraga
Baseball, Varsity	13	14	14
Baseball, JV		11	
Baseball, Modified	20	10	
Golf, Co-Ed			8
Golf, Varsity		12	
Softball, Varsity	10	11	12
Softball, JV	14	11	
Softball, Modified	11	13	9
Tennis, Varsity Boys	14		
Track, Varsity Boys	32	16	
Track, Varsity Girls	38	34	

Canaseraga, being the smallest of the three study districts, offers the fewest athletic opportunities for its students and could benefit athletically from a merger either with Arkport or with Arkport and Alfred-Almond. Alfred-Almond and Arkport, being more similar in size, offer comparable athletic opportunities to their students.

Chapter 8
Facilities

In Chapter 11-Finances, the financing of school facilities will be examined. In this chapter, we look at the structure of existing facilities. Facilities are an important aspect of school operations. They are costly to construct and require constant maintenance. However, they provide the environment in which students can be successful from both an academic and extra-curricular standpoint. They also represent major structures in all three of these communities and are, justifiably, a source of community pride. Table 8.1 which follows describes the current school facilities for the three study districts.

Table 8.1
School District Facilities

District	Building/Address	Grade Levels	Number of Students
Alfred-Almond	6795 Route 21 Almond, NY 14804	Pre-K-6; 7-12	650
Arkport	35 East Avenue Arkport, NY 14807	K-6; 7-12	504
Canaseraga	4-8 Main Street Canaseraga, NY 14822	K-12	252

The three school districts in this study have all provided excellent facilities for their students. All of the districts have made recent capital improvements to ensure that their school buildings are appropriate to provide the types of student programming that are desired. And while school facilities always require ongoing upkeep, the districts have done an outstanding job of maintaining their facilities.

While the initial construction of school facilities is expensive, all three districts receive considerable funding assistance from the state in order to construct these buildings. And while the extent to which the sate shares in the cost of capital construction can vary with each project, the current sharing ratios can be seen as follows.

Alfred-Almond-88.3%

Arkport-91.1%

Canaseraga-92.6%

When school districts merge, it is not uncommon for the districts' elementary schools to remain in the communities where they are located. This is often done to

maintain a school presence in a community. It is also done to avoid longer bus rides for the youngest children who attend the elementary schools. For purposes of this feasibility study, we will assume that, regardless of the districts that might study merger, the elementary schools will remain where they are currently located.

Once the elementary schools have been located, the next step in determining appropriate facilities for the merged district is to locate the grades 9-12 high school. The following are the student enrollments in grades 9-12 with the various merger options for 2015-16.

All three districts merging into one:

A. Alfred-Almond (211) /Arkport (151) / Canaseraga (70) – 432 students

Two, two district combinations:

B. Alfred-Almond (211) /Arkport (151) – 362 students

C. Arkport (151) / Canaseraga (70) – 221 students

With respect to the three-district merger, it appears that only Alfred-Almond would have a large enough facility to house the 432-student high school, and this would make for a fairly crowded building. Alfred-Almond currently houses approximately 660 students. In 2015-16, Alfred-Almond is projected to have 307 students in grades K-5. If Alfred-Almond were to keep its elementary school and house the grades 9-12 high school with 432 students, the facility would have to accommodate 739 students. It is further assumed that the grades 6-8 middle school would be housed in Arkport. Further study would have to be done with this building configuration to ensure that sufficient space would be available. This merged district would be approximately 244 square miles and would be the largest of the possible merged districts, creating a more complex transportation system, especially for middle and high school students.

With respect to the two-district merger of Alfred-Almond and Arkport, it is again reasonable to assume that each district would keep its elementary school. The 266 student middle school might be located in Arkport, and the 361 student high school could be located in Alfred-Almond. This would reduce the size of the merged district to 166 square miles and, compared with the three-district merger, reduce transportation issues for the middle and high school students.

With respect to the merger between Arkport and Canaseraga, it would again be reasonable to assume that each district would maintain its current elementary school, the 178 student middle school might be located in Canaseraga, and the 221 student high school could be located in Arkport. Given the size of the districts and the distance between the two current districts, this option would reduce transportation issues for middle and high school students to the greatest extent possible.

The capital expense discussed in this chapter is another area where the state pays significant financial incentives for school districts that merge. If districts merge, the state provides incentives related to approved capital construction for a ten-year period and for existing building debt. For any approved capital construction in a merged district, the state adds 30% to the highest district's building aid ratio up to a maximum of 95% (98% for high needs districts) for a period of ten years after the merger. This means that any new construction in a merged district would be aided at the 95% level, regardless of the combination of districts involved in this study.

Financial incentives for existing building debt are also available from the state. When districts merge, each individual district's capital debt is brought forward and becomes an obligation of the merged district. However, with a merger, this existing capital debt is aided by the state at the highest of the previous districts' building aid ratio. For example, if Alfred-Almond merged with Arkport, the capital debt from Alfred-Almond that is currently being aided at 88.3% would be aided at Arkport's higher ratio of 91.1%. Similarly, if Arkport merged with Canaseraga, the capital debt from Arkport that is currently aided at 91.1% would be aided at Canaseraga's higher ratio of 92.6%.

Chapter 9
Transportation

When school districts entertain possible consolidation, one significant variable that always comes up in discussion is the amount of time students (particularly young children) will have to ride the school bus each day to get to and from school. Therefore it is important to study the distances between schools in the three districts being studied. However, this analysis will not tell us how long children will have to ride a school bus since many things influence this in addition to distance between buildings. Factors such as routing patterns, number of school buses, locations of school buildings, etc. all impact the amount of time students spend riding the bus. However, this look at distances between buildings can provide some basic information on distances and therefore give a sense of additional riding times. Table 9.1 summarizes the distances between the school buildings in the three districts and non-stop driving time estimates.

Table 9.1
Distance Between Schools (Google Maps)

	Alfred-Almond	Arkport	Canaseraga
Alfred-Almond		10.1 miles 13 minutes	17.7 miles 21 minutes
Arkport	10.1 miles 13 minutes		8.3 miles 11 minutes
Canaseraga	17.7 miles 21 minutes	8.3 miles 11 minutes	

The greatest distance between any existing schools is Alfred-Almond to Canaseraga (17.7 miles); however, these two districts are not contiguous and would only be a factor should all three districts decide to study merger. The two closest buildings are Arkport and Canaseraga that are 8.3 miles apart.

Another factor, which will influence the time that students are on buses, is the geographic size of the district. Alfred-Almond is a district of 102 square miles, Arkport has 64 square miles, and Canaseraga has 78 square miles. This means that the geographical area of the three possible merged school districts would be as follows.

Alfred-Almond/Arkport/Canaseraga=244 square miles

Alfred-Almond/Arkport=166 square miles

Arkport/Canaseraga=142 square miles

In order to gain a perspective on school districts of similar sizes, the following data is presented:

For the merged Alfred-Almond/Arkport/Canaseraga District-244 square miles:

Randolph-264 square miles
Pioneer-210 square miles
Corning-233 square miles

For the merged Alfred-Almond/Arkport District-166 square miles:

Penn Yan-165 square miles
Cuba-Rushford-156 square miles
Cattaraugus-Little Valley-181 square miles
Addison-163 square miles

For the merged Arkport/Canaseraga District-142 square miles:

Jasper-Troupsburg-144 square miles
Spencer-Van Etten-144 square miles
Dansville-125 square miles
South Seneca-151 square miles
Casadaga Valley-141 square miles
Springville-Griffith-147 square miles

In addition to the distance that children travel to get to and from school, another factor to be considered in a merger is the bus fleet that each district brings to the possible merger. In examining the bus fleets of all three districts, it is readily apparent that all districts have done an excellent job of keeping their fleets current. All three districts show a regular pattern of replacing buses and have a number of buses that have been purchased in the last 2-3 years that have low mileage. It does not appear that the condition of any of the bus fleets would be any type of deterrent to merger discussions. In addition, at the current time, Alfred-Almond does school bus maintenance for both Arkport and Canaseraga.

Chapter 10
Staffing

We begin our review of staffing and related financial implications of merger by presenting the administrative organizational structure of the three study districts. The following table summarizes the administrative/supervisory positions in each district.

Table 10.1
Administrative & Supervisory Positions

Position	Alfred-Almond	Arkport	Canaseraga
Superintendent	X	X	X
District Treasurer	X	X	
Senior Account Clerk			X
Director of Student Services			X
Elementary Principal	X	X	
Secondary Principal	X	X	
K-12 Principal			X
Athletic Director		X	X
Superintendent of Building & Grounds	X		
Head Custodian			X
Head Maintenance Mechanic		X	
Head Bus Driver			X
Transportation Supervisor	X		
School Lunch/Cafeteria Manager (thru BOCES)	X	X	X

Each district has a superintendent of schools. In a merged district scenario, only one superintendent would be needed. All three districts also have either a District Treasurer or a Senior Account Clerk who has the primary responsibility for monitoring school district finances. Each district also has a School Lunch Manager who is employed through BOCES. Regardless of the merger configuration, it is possible to reduce central office staff under any of the options being considered.

We now look at the compensation of teachers for the three districts. Table 10.2 which follows is a comparison of the teacher salary schedules.

Table 10.2 Comparison of Teacher Salary Schedules-2012-13			
Column and Step	Alfred-Almond*	Arkport	Canaseraga
B-Step 1	38,000	38,000	35,750
B-Step 5	41,894	41,471	38,783
B-Step 10	48,480	46,610	43,656
B-Step 15	54,751	52,789	50,045
B-Step 20	60,132	58,045	54,946
B-Top Step	75,888 (36)		64,955 (31))
M-Step 1	38,750	40,060	38,150
M-Step 5	42,644	43,531	41,183
M-Step 10	48,480	48,670	46,056
M-Step 15	54,751	54,849	52,445
M-Step 20	60,132	60,105	57,346
M-Top Step	75,888 (36)		67,355 (31)
M+30-Step 1	38,750	41,470	39,950
M+30-Step 5	42,644	44,941	42,983
M+30-Step 10	48,480	50,080	47,856
M+30-Step 15	54,751	56,259	54,245
M+30-Step 20	60,132	61,515	59,146
M+30-Top Step	75,888 (36)		69,155 (31)
( ) = the number of years to get to the top step			
* Alfred-Almond does not provide additional salary increments for graduate courses taken. Instead, the district reimburses the costs of graduate courses and pays $750 for a Masters Degree until the end of the 5th year of employment.			

An examination of these schedules reveals some interesting factors. Alfred-Almond does not provide additional salary increments for graduate courses taken. Rather, the district reimburses the cost of graduate courses and pays $750 for a Masters degree until the end of the fifth year of employment. Arkport and Canaseraga have more traditional salary schedules that compensate teachers according to their years of service and number of graduate credits that are accumulated. These structural differences notwithstanding, the salary schedules for the three districts are fairly similar. Alfred-Almond and Arkport are the most similar with Canaseraga being generally lower than either of these two schedules. In addition, it must be remembered that all of the

districts have teachers who are compensated above the top step of the salary schedule.

There is no state statute or regulation that determines the level at which the successor teacher agreement in any merger must be negotiated with respect to salary. Labor and management are free to negotiate a salary schedule that is similar to, higher than, or lower than the existing salary schedules. However, in districts that have merged in New York State, there has traditionally been a "leveling up" process that takes place with regard to salary and salary related benefits. That is, teachers in the lower paying of the merged districts have their salaries "leveled up" to the higher district salary schedule. In some cases this happens in the first year of the new contract. In other cases, this salary and related benefit "leveling up" happens over a period of years.

Beyond the cursory analysis of the teacher salary schedules provided in Table 10.2, further analysis was performed in order to determine an approximate cost of leveling up teacher salaries for various merger options being considered. In a full merger study, this analysis is accomplished by determining the higher paying salary schedule, placing the teachers from the lower paying district on that higher salary schedule, and then determining the increased cost on a teacher by teacher basis. This level of analysis is not possible in a feasibility study where three different merger options are being considered.

In this study, Table 10.3 which follows provides basic teacher salary information for the three study districts.

Table 10.3
Teacher Salary Information for 2012-13

	Alfred-Almond	Arkport	Canaseraga
Number of FTE Teachers	60	46.72	32.6
Payroll	$3,295,396	$2,673,097	$1,517,841
Mean Salary	$54,923	$57,215	$46,560

In looking at table 10.3 above, it is readily apparent the Canaseraga has the lowest average teacher salary. This is due, in part, to the fact that Canaseraga has the lowest paying teacher salary schedule. However, this lowest average salary is also

due to the fact that Canaseraga has the least experienced teaching staff. In looking at the teaching staffs from all three districts, the average teacher is on step 16 in Alfred-Almond, on step 17 in Arkport, and on step 10 in Canaseraga.

We have chosen to compare teacher salary schedules at the average step as the methodology for calculating leveling up costs. While this is not an exact method of calculating the costs of leveling up, it is reasonable to assume that a district with a higher salary schedule would have a higher teacher payroll than a district with a lower salary schedule. In making this calculation, we assume that there is an equal distribution of staff across all teacher salary schedules above and below the average step being considered. Table 10.4 that follows shows the estimated cost of leveling up teacher salaries.

Table 10.4
Comparison of Teacher Salary Schedules/Leveling Up Costs-2012-13

Merger Combination	Higher Salary Schedule at Average Step of MA column	$ Higher Salary Schedule	Number of Teachers in Lower Paying District	Cost to Level Up Salaries
Alfred-Almond/Arkport/Canaseraga	Arkport	$484	60	$29,040
Alfred-Almond/**Arkport/Canaseraga**	Arkport	$2,614	32	$83,648
Alfred-Almond/Arkport/Canaseraga TOTAL				$112,688
Alfred-Almond/Arkport	Arkport	$484	60	$29,040
Arkport/Canaseraga	Arkport	$2,614	32	$83,648

Table 10.4 above estimates that the full cost of leveling up teacher salaries in the first year of a merger with Alfred-Almond, Arkport, and Canaseraga would be $112,688, for Alfred-Almond and Arkport it would be $29,040, and for Arkport and Canaseraga, the cost would be $83,648. It is not surprising that the leveling up costs are lowest between Alfred-Almond and Arkport because their salary schedules are the most similar. In addition to these salary costs, it would be prudent to also add

another 26% for salary related fringe benefit costs of 16% for retirement, 8% for social security, and 2% for workers compensation.

The impact of merger on leveling up teacher salaries is difficult to predict. While it is true that previous mergers have provided for leveling up of teacher salaries, those mergers also took place in a very different economic climate than schools in New York State are facing today. There is no question that this concept should be included in planning for the best merger study partners. However, this impact should also be considered in conjunction with the amount of incentive operating aid that each combination of districts will be receiving should a merger occur. In addition, in the conduct of the actual merger study, analysis will be done to determine efficiencies that might occur in the teaching, administrative, and support staff as the result of the merger.

Chapter 11
Finances

Community support for its school district and the financial plan it presents annually is evidenced in the annual budget referendum. Communities that regularly support the board's spending plan show confidence in the board's ability to balance the needs of students with the taxpayer's ability to pay. Therefore we begin by examining the history of budget votes in each of the four study districts. That history of first annual budget votes is reflected in the table that follows.

Table 11.1
History of School Budget Votes in the Study Districts

	Alfred-Almond		Arkport		Canaseraga	
Year	Yes	No	Yes	No	Yes	No
2003	287	250	164	89	232	142
2004	332	228	191	191	110	61
2005	263	131	205	80	291	107
2006	419	230	209	107	177	61
2007	291	90	261	117	110	39
2008	289	115	217	132	111	72
2009	295	89	177	55	111	48
2010	284	129	178	85	127	73
2011	303	107	182	112	84	58
2012	321	134	152	81	97	37
2013	262	95	143	48	91	39

Table11.1 above portrays an enviable voting record on school budgets for the three study districts. Of the 33 votes conducted in these three districts over the past eleven years, 32 of the votes passed and one vote ended in a tie. This pattern shows a high degree of community support for the spending plans put forth by all three of the school districts.

Districts that consider merging bring with them some outstanding liabilities including capital debt. When a merger is being considered, if the debt load of the districts is considerably disproportionate, it can be viewed as a deterrent to merger. Therefore, we next looked at the debt service that is currently being carried by each district. This data is on debt that exists for projects actually undertaken by the school

districts. Table 11.2 that follows reflects debt service for facilities as well as for school bus purchases.

Table 11.2
Debt Service Projections-Principal and Interest-Before State Aid
(Indicates total principal and interest and year existing debt is retired)

Year Retired	Alfred-Almond	Arkport	Canaseraga
2013-14	$87,360*		
2014-15	$3,190,963/$152,872/$214,370*		
2015-16	$107,261*	$1,717,735	$3,662,993
2016-17	$113,133*		
2017-18	$107,836*		
2018-19			
2019-20		$349,275	
2020-21	$3,003,975		
2021-22			
2022-23			
2023-24			
2024-25	$7,948,782		
2025-26	$2,732,788		
2026-27			
2027-28			
2028-29			
2029-30			
2030-31			
2031-32			$8,951,094
2032-33			
2033-34			
2034-35			
2035-36			
2036-37			
2037-38			
2038-39			
2039-40		$13,364,038/$10,475,172	
TOTAL	$17,659,340	$25,906,220	$12,614,087
* Bus Purchases			

The total debt load of all three districts can be seen in table 11.2. Arkport has the highest amount of debt followed by Alfred-Almond and then Canaseraga. This existing debt is a factor that must be considered. However, it is important to note that the data contained in Table 11.2 is the total cost of principal and interest payments necessary to

retire existing debt and does not include financial assistance received from the state in the form of building or transportation aid. The transportation aid ratio for all three districts is 90%. The building aid ratios for the three districts are as follows:

Alfred-Almond-88.3%

Arkport-91.1%

Canaseraga-92.6%

While building aid ratios may vary from one capital project to the next, these changes are usually not terribly significant. Obviously, given the percentages above, the state's contribution to these capital costs greatly reduces the impact to the local taxpayer. In all three districts, the local taxpayer pays approximately seven to twelve cents on the dollar for these capital costs.

Capital expense is an area where the state pays significant financial incentives for school districts that merge. If two or three districts merge, the state provides incentives related to new capital construction and existing building debt. For any new capital construction in a merged district, the state adds 30% to the higher district's building aid ratio up to a maximum of 95% (98% for high needs districts). This means that for ten years any new approved construction in a merged district would be aided at the 95% level, regardless of the combination of study districts involved in the merger.

Financial incentives for existing building debt are also available from the state. When districts merge, each individual district's capital debt is brought forward and becomes an obligation of the merged district. However, with a merger, this existing capital debt is aided by the state at the higher of the previous districts' building aid ratios. For example, if Alfred-Almond merged with Arkport, the capital debt from Alfred-Almond that is currently being aided at 88.3% would be aided at Arkport's higher ratio of 91.1%. Similarly, if Arkport merged with Canaseraga, the capital debt from Arkport that is currently aided at 91.1% would be aided at Canaseraga's higher ratio of 92.6%. However, given the similarity of the building aid ratios for these three districts, it does not appear that there is a major advantage to any particular merger combination over another.

School districts that are well managed put money aside for unexpected events such as emergencies (for example, replacing a school's boiler) as well as for expected

future expenditures (for example, capital improvements). Mergers are somewhat like a marriage. When districts merge, along with liabilities brought to the marriage, each also provides assets. The fund balances a school district has established are assets. Therefore, we reviewed all three school district fund balance accounts as of June 30, 2012 as summarized in Table 11.3 that follows.

Table 11.3
School District General Fund Balances-June 30, 2012

Fund Balance	Alfred-Almond	Arkport	Canaseraga
Restricted	$3,111,723	$3,064,436	$2,285,137
Assigned	$773,945	$515,990	$443,127
Unassigned	$1,091,432	$428,205	$292,736
Total Fund Balance	$4,905,100	$4,008,631	$3,021,000

It can be seen from Table 11.3 that all three districts have maintained funds in reserve accounts despite the fiscal challenges of the past several years. All three districts have maintained a healthy restricted fund balance, which is the amount of funding set aside for reserve accounts. The assigned fund balance is the amount of money that each district has used to manage the tax levy for the subsequent year. The unassigned fund balance represents a true surplus that can be used as deemed most appropriate by the school district.

The three study districts, like all other school districts in New York State, are required to set their tax rate for the 2013-14 school by September 1, 2013. The following table highlights items from this tax rate calculation.

Table 11.4
Full Value Tax Calculation-2013-14

	Alfred-Almond	Arkport	Canaseraga
Full Value	$198,229,356	$158,284,379	$93,792,248
2013-14 School Levy	$4,751,975	$3,277,046	$1,856,973
Full Tax Rate/$1,000	$23.97	$20.70	$19.80

Calculating full value tax rates is the only fair way to compare one district to the next due to variations in local assessment practices. Also, the percentage spread between two or more school district tax rates becomes important when districts are considering a potential merger as will be evidenced later in this study.

An extremely important benefit of school district consolidation in New York State is the amount of extra state aid a newly merged district receives. This additional incentive aid is determined by the wealth of the new district and a 14-year declining *additional* percentage of general aid called incentive operating aid. For the first five years following a merger, an additional 40% of the 2006-07 base operating aids of the previous districts is received. Beginning in year six, the percentage is reduced 4% a year for the next nine years. In year 15, the incentive operating aid is discontinued. Table 11.5 that follows shows that amount of incentive operating aid that would be generated should the three districts merge.

Table 11.5
Incentive Operating Aid - Alfred-Almond, Arkport, & Canaseraga Merged District

Year	Alfred-Almond 2006-07 Operating Aid	Arkport 2006-07 Operating Aid	Canaseraga 2006-07 Operating Aid	Combined 2006-07 Operating Aid	Incentive Operating Aid %	Incentive Operating Aid
2015-16 (1)	2,400,884	2,430,427	1,371,089	6,202,400	40%	2,480,960
2016-17 (2)	2,400,884	2,430,427	1,371,089	6,202,400	40%	2,480,960
2017-18 (3)	2,400,884	2,430,427	1,371,089	6,202,400	40%	2,480,960
2018-19 (4)	2,400,884	2,430,427	1,371,089	6,202,400	40%	2,480,960
2019-20 (5)	2,400,884	2,430,427	1,371,089	6,202,400	40%	2,480,960
2020-21 (6)	2,400,884	2,430,427	1,371,089	6,202,400	36%	2,232,864
2021-22 (7)	2,400,884	2,430,427	1,371,089	6,202,400	32%	1,984,768
2022-23 (8)	2,400,884	2,430,427	1,371,089	6,202,400	28%	1,736,672
2023-24 (9)	2,400,884	2,430,427	1,371,089	6,202,400	24%	1,488,576
2024-25 (10)	2,400,884	2,430,427	1,371,089	6,202,400	20%	1,240,480
2025-26 (11)	2,400,884	2,430,427	1,371,089	6,202,400	16%	992,384
2026-27 (12)	2,400,884	2,430,427	1,371,089	6,202,400	12%	744,288
2027-28 (13)	2,400,884	2,430,427	1,371,089	6,202,400	8%	496,192
2028-29 (14)	2,400,884	2,430,427	1,371,089	6,202,400	4%	248,096
2029-30 (15)	2,400,884	2,430,427	1,371,089	6,202,400	0	-
					TOTAL	**23,569,120**

As Table11.5 above illustrates, the total base year aids for the three districts in 2006-07 is $6,202,400. The additional 40% incentive aid following a merger would be $2,480,960 for the first five years after reorganization. In total, after the 14 years in which additional incentive operating aid would be paid to the merged district, the new district would realize $23,569,120 in extra revenue as a result of merging.

The following tables 11.6 and 11.7 illustrate the amount of incentive operating aid that would be received by a merged district given the other two remaining possible district merger configurations.

Table 11.6 **Incentive Operating Aid - Alfred-Almond and Arkport Merged District**					
Year	Alfred-Almond 2006-07 Operating Aid	Arkport 2006-07 Operating Aid	Combined 2006-07 Operating Aid	Incentive Operating Aid %	Incentive Operating Aid
2015-16 (1)	2,400,884	2,430,427	4,831,311	40%	1,932,524
2016-17 (2)	2,400,884	2,430,427	4,831,311	40%	1,932,524
2017-18 (3)	2,400,884	2,430,427	4,831,311	40%	1,932,524
2018-19 (4)	2,400,884	2,430,427	4,831,311	40%	1,932,524
2019-20 (5)	2,400,884	2,430,427	4,831,311	40%	1,932,524
2020-21 (6)	2,400,884	2,430,427	4,831,311	36%	1,739,272
2021-22 (7)	2,400,884	2,430,427	4,831,311	32%	1,546,020
2022-23 (8)	2,400,884	2,430,427	4,831,311	28%	1,352,767
2023-24 (9)	2,400,884	2,430,427	4,831,311	24%	1,159,515
2024-25 (10)	2,400,884	2,430,427	4,831,311	20%	966,262
2025-26 (11)	2,400,884	2,430,427	4,831,311	16%	773,010
2026-27 (12)	2,400,884	2,430,427	4,831,311	12%	579,757
2027-28 (13)	2,400,884	2,430,427	4,831,311	8%	386,505
2028-29 (14)	2,400,884	2,430,427	4,831,311	4%	193,252
2029-30 (15)	2,400,884	2,430,427	4,831,311	0	-
				TOTAL	**18,358,982**

Table 11.7 Incentive Operating Aid - Arkport and Canaseraga Merged District					
Year	Arkport 2006-07 Operating Aid	Canaseraga 2006-07 Operating Aid	Combined 2006-07 Operating Aid	Incentive Operating Aid %	Incentive Operating Aid
2015-16 (1)	2,430,427	1,371,089	3,801,516	40%	1,520,606
2016-17 (2)	2,430,427	1,371,089	3,801,516	40%	1,520,606
2017-18 (3)	2,430,427	1,371,089	3,801,516	40%	1,520,606
2018-19 (4)	2,430,427	1,371,089	3,801,516	40%	1,520,606
2019-20 (5)	2,430,427	1,371,089	3,801,516	40%	1,520,606
2020-21 (6)	2,430,427	1,371,089	3,801,516	36%	1,368,546
2021-22 (7)	2,430,427	1,371,089	3,801,516	32%	1,216,485
2022-23 (8)	2,430,427	1,371,089	3,801,516	28%	1,064,424
2023-24 (9)	2,430,427	1,371,089	3,801,516	24%	912,364
2024-25 (10)	2,430,427	1,371,089	3,801,516	20%	760,303
2025-26 (11)	2,430,427	1,371,089	3,801,516	16%	608,243
2026-27 (12)	2,430,427	1,371,089	3,801,516	12%	456,182
2027-28 (13)	2,430,427	1,371,089	3,801,516	8%	304,121
2028-29 (14)	2,430,427	1,371,089	3,801,516	4%	152,061
2029-30 (15)	2,430,427	1,371,089	3,801,516	0	-
				TOTAL	**14,445,761**

An examination of these tables makes it clear that the State of New York provides significant financial incentives in order to entice school districts to merge. Summarizing the previous three tables, the following amounts of incentive operating aid would be paid to the districts based on the following combination of districts:

All three districts merging into one:

*A. Alfred-Almond/Arkport/Canaseraga-**$23,569,120***

Two, two district combinations:

*B. Alfred-Almond/Arkport-**$18,358,982***

*C. Arkport/Canaseraga-**$14,445,761***

While decisions about the allocation of resources are left solely to the discretion of the new board of education in a merged district, it is not unusual for boards to divide the incentive operating aid into three relatively equal priorities. These priorities are:

- Using incentive operating aid to pay for transition costs and starting up new programs; there are always costs that exist when two school districts merge. These costs may include new academic programs, enhancing academic support and

talent development, starting new extra-curricular programs, adjusting salaries, having new signs for the school buildings, buying new uniforms, developing a new policy manual, etc.

- Using incentive operating aid to fund reserves to ensure the long-term fiscal stability of the merged district. The incentive operating aid from the state decreases by 4% starting in year six and for each year thereafter for the next nine years. If prudent long term financial planning has not been done in advance, this reduction in incentive operating aid will result in significant tax increases for the residents after the first few years of the merger.
- Using incentive operating aid to reduce taxes immediately after the merger.

As mentioned previously, neighboring school districts can have widely varying tax rates. Consequently, despite the additional incentive operating aid a merger of two or three districts might receive, it is important to compare the current tax rates of each district and to calculate the impact of the additional incentive operating aid on each district's current tax rate. This impact on the districts' tax rates can be seen in tables 11.8 - 11.10.

Most districts that merge expect to apply some percentage of this incentive operating aid to reduce and stabilize the local tax rate. In most of the merger studies we have done, we typically recommend the new district begin by considering that approximately one-third of the incentive operating aid be used for this purpose and then adjusting according to local expectations and prudent planning. In Table 11.8, we calculated the tax levy (using the 2013-14 fiscal year as a base) as if the three districts had merged. Next, we applied 1/3 of the incentive operating aid to calculate how this additional revenue would have affected the 2013-14 tax levy. Had this actually occurred, the additional incentive operating aid would have lowered the full-value tax rate in the merged district from $21.55 to $19.72. We compared this reduced tax rate to the actual tax rates of the three districts for 2013-14 (Alfred-Almond, $23.97; Arkport, $20.70; and Canaseraga, $19.80). It is apparent that if the three districts had combined into one district in 2013-14 and 1/3 of the incentive operating aid the merged district received was applied to the tax levy, residents of all three districts would have experienced tax relief. The true value tax rate would have gone down in Alfred-Almond from $23.97 to $19.72

(-$4.25 or 17.7%), from $20.70 to $19.72 (-$0.98 or 4.7%) in Arkport, and from $19.80 to $19.72 (-$0.08 or 0.4%) in Canaseraga.

The last four rows of table 11.8 show that, to reach the actual lowest tax rate of the three districts in 2013-14 (that of Canaseraga, $19.80), the merged district would need $789,936 in additional aid. This represents 31.8% of the incentive operating aid that a three-district merger would generate.

Tables 11.9 and 11.10 that follow show the same basic pattern as Table 11.8. In each possible district configuration the amount of incentive operating aid needed for the merged district combination to get to the lowest true value tax rate of the merged districts is determined.

Table 11.8 Tax Impact of Incentive Operating Aid for Alfred-Almond, Arkport, & Canaseraga-2013-14			
	2006-07 Base Aid	2013-14 Levy	
Alfred-Almond	$2,400,884	$4,751,975	
Arkport	$2,430,427	$3,277,046	
Canaseraga	$1,371,089	$1,856,973	
Total	$6,202,400	$9,705,994	
Additional 40% IOA-each of 1st 5 years	$2,480,960		
33.3% Incentive Aid-each of 1st 5 years	$826,160		
40% Incentive Aid-each of 1st 5 years	$992,384		
50% Incentive Aid-each of 1st 5 years	$1,240,480		
Total Levy Less 33.3% Incentive Operating Aid		$8,879,834	
Total Levy Less 40% Incentive Operating Aid		$8,713,610	
Total Levy Less 50% Incentive Operating Aid		$8,465,514	
Alfred-Almond Taxable Full Value	$198,229,356		
Arkport Taxable Full Value	$158,284,379		
Canaseraga Taxable Full Value	$93,792,248		
Combined Taxable Full Value	$450,305,983		
Full Value Tax Rate with 0% of Incentive Operating Aid Applied		$21.55	
Full Value Tax Rate with 33.3% of Incentive Operating Aid Applied		$19.72	
Full Value Tax Rate with 40% Incentive Operating Aid Applied		$19.35	
Full Value Tax Rate with 50% Incentive Operating Aid Applied		$18.80	
Alfred-Almond 2013-14 True Tax Rate ($4,751,975/$198,229,356)			$23.97
Arkport 2013-14 True Tax Rate ($3,277,046/$158,284,379)			$20.70
Canaseraga 2013-14 True Tax Rate ($1,856,973/$93,792,248)			$19.80
Actual 2013-14 Total Tax Levy for Merged District			$9,705,994
Levy Needed to get to tax rate of $19.80			$8,916,058
Amount of Incentive Operating Aid to Reach Needed Levy			$789,936
% of Incentive Operating Aid to get to Lowest Tax Rate ($19.80)			**31.8%**

Table 11.9 Tax Impact of Incentive Operating Aid for Alfred-Almond & Arkport-2013-14			
	2006-07 Base Aid	2013-14 Levy	
Alfred-Almond	$2,400,884	$4,751,975	
Arkport	$2,430,427	$3,277,046	
Total	$4,831,311	$8,029,021	
Additional 40% IOA-each of 1st 5 years	$1,932,524		
33.3% Incentive Aid-each of 1st 5 years	$643,530		
40% Incentive Aid-each of 1st 5 years	$773,010		
50% Incentive Aid-each of 1st 5 years	$966,262		
Total Levy Less 33.3% Incentive Operating Aid		$7,385,491	
Total Levy Less 40% Incentive Operating Aid		$7,256,011	
Total Levy Less 50% Incentive Operating Aid		$7,062,759	
Alfred-Almond Taxable Full Value	$198,229,356		
Arkport Taxable Full Value	$158,284,379		
Combined Taxable Full Value	$356,513,735		
Full Value Tax Rate with 0% of Incentive Operating Aid Applied		$22.52	
Full Value Tax Rate with 33.3% of Incentive Operating Aid Applied		$20.72	
Full Value Tax Rate with 40% Incentive Operating Aid Applied		$20.35	
Full Value Tax Rate with 50% Incentive Operating Aid Applied		$19.81	
Alfred-Almond 2013-14 True Tax Rate ($4,751,975/$198,229,356)			$23.97
Arkport 2013-14 True Tax Rate ($3,277,046/$158,284,379)			$20.70
Actual 2013-14 Total Tax Levy for Merged District			$8,029,021
Levy Needed to get to tax rate of $20.70			$7,379,834
Amount of Incentive Operating Aid to Reach Needed Levy			$649,187
% of Incentive Operating Aid to get to Lowest Tax Rate ($20.70)			**33.6%**

Table11.10 Tax Impact of Incentive Operating Aid for Arkport & Canaseraga-2013-14			
	2006-07 Base Aid	2013-14 Levy	
Arkport	$2,430,427	$3,277,046	
Canaseraga	$1,371,089	$1,856,973	
Total	$3,801,516	$5,134,019	
Additional 40% IOA-each of 1st 5 years	$1,520,606		
33.3% Incentive Aid-each of 1st 5 years	$506,362		
40% Incentive Aid-each of 1st 5 years	$608,242		
50% Incentive Aid-each of 1st 5 years	$760,303		
Total Levy Less 33.3% Incentive Operating Aid		$4,627,657	
Total Levy Less 40% Incentive Operating Aid		$4,525,777	
Total Levy Less 50% Incentive Operating Aid		$4,373,716	
Arkport Taxable Full Value	$158,284,379		
Canaseraga Taxable Full Value	$93,792,248		
Combined Taxable Full Value	$252,076,627		
Full Value Tax Rate with 0% of Incentive Operating Aid Applied		$20.37	
Full Value Tax Rate with 33.3% of Incentive Operating Aid Applied		$18.36	
Full Value Tax Rate with 40% Incentive Operating Aid Applied		$17.95	
Full Value Tax Rate with 50% Incentive Operating Aid Applied		$17.35	
Arkport 2013-14 True Tax Rate ($3,277,046/$158,284,379)			$20.70
Canaseraga 2013-14 True Tax Rate ($1,856,973/$93,792,248)			$19.80
Actual 2013-14 Total Tax Levy for Merged District			$5,134,019
Levy Needed to get to tax rate of $19.80			$4,991,117
Amount of Incentive Operating Aid to Reach Needed Levy			$142,902
% of Incentive Operating Aid to get to Lowest Tax Rate (19.80)			**9.4%**

Summarizing tables 11.8 - 11.10 shows the percentage of incentive operating aid that must be applied to the following merger combinations in order for all districts in the merger to have a tax rate that was either equal to or less than the tax rate that each of the districts had prior to the merger.

All three districts merging into one:

*A. Alfred-Almond/Arkport/Canaseraga-**31.8%***

Two, two district combinations:

*B. Alfred-Almond/Arkport-**33.6%***

*C. Arkport/*Canaseraga-***9.4%***

Judgments about which combinations of districts might make for successful merger partners are based, in part, on the assumption that local taxpayers will not want their taxes to go up as the result of a merger. An earlier paragraph discussed one third of the incentive operating aid being used to reduce the local tax levy. Applying one-third of the incentive operating aid to all three-merger options shows that all possible combinations would reach the lowest tax rate in the merged districts.

Chapter 12
Conclusions and Recommendations

Table 13.1 that follows examines the impact of the major financial factors in the three possible merger combinations. In this table, the percentage of incentive operating aid necessary to meet the lower district tax rate is added to the estimated cost for leveling up teacher salaries and related benefits.

Table 13.1
Analysis of Major Financial Factors

Merger Combinations	Amount of Incentive Operating Aid Received-14 Years	% Of IOA Needed to Meet Lower Tax Rate	Amount of IOA Used to Level Up Teacher Salaries-14 Years	% Of IOA Used for Leveling Up Teacher Salaries-14 years	Total % of IOA and teacher salary leveling up-14 years
Alfred-Almond, Arkport, & Canaseraga	$23,569,120	31.8%	$1,577,632	6.7%	38.5%
Alfred-Almond & Arkport	$18,358,982	33.6%	$406,560	2.2%	35.8%
Arkport & Canaseraga	$14,445,761	9.4%	$1,171,072	8.1%	17.5%

As discussed earlier in this report, the board of education in a newly merged school district bears the heavy responsibility of deciding how to use the influx of incentive operating aid that will flow to the district. A long range financial plan that includes paying for transition costs, funding long-term reserves, and reducing taxes is a prudent way for the new board to structure its thinking. Dividing the incentive operating aid approximately equally has proven to be a successful formula in a number of merged districts.

Often, the most significant amount of incentive operating aid used for transition costs is spent to level up teacher salaries and related benefits. Table 13.1 above shows that all three merger combinations generate enough incentive operating aid to reduce taxes to the lowest taxed district and level up teacher salaries with the total cost being less than 40% of the aid received. It can therefore be reasonably concluded that, from a financial standpoint only, any of the three merger options stand a reasonably good chance of being successful.

It is important to note that we have not calculated any potential salary and benefit savings that might be realized if one or more of these merger options were to occur. For example, we have provided no estimate of administrative cost savings like reducing one or more superintendent positions. A complete merger study would also explore possible salary and benefit savings from other staff efficiencies.

In addition to the tax impact and the cost to level up teacher salaries, the third primary factor in predicting potential merger success is the financial soundness of the districts. Table 13.2 that follows examines this data for the three study districts and shows that each district has planned will for the fiscal challenges that are ahead.

Table 13.2
Fiscal Soundness of Districts-Debt Service and Fund Balance-2010-11

	Alfred-Almond	Arkport	Canaseraga
Total Debt Service thru 2039-40	$17,659,340	$25,906,220	$12,614,087
Current Building Aid Ratio	.883	.911	.926
Local Share of Debt Service	$2,066,143	$2,305,654	$933,442
Restricted Fund Balance	$3,111,723	$3,064,436	$2,285,137
Unassigned Fund Balance	$1,091,432	$428,205	$292,736

In examining the merger of school districts in New York State, there is one factor that simply cannot be overcome when two districts are considering a merger. If the amount of incentive operating aid that is received by the merged district is not sufficient to at least have the tax rate of the higher taxing district reduced to at least the rate of the lower taxing district, the chances of a successful merger are minimal at best. In examining the incentive operating aid for these three merger combinations, we find that every option generates enough incentive operating aid to at least reach the lower district's tax rate. As a result, it should be stated that any of the three options discussed in this report have passed the first hurdle and might be successful merger candidates.

In addition to meeting the threshold standard of acceptable tax rates, there are other factors that might be considered by the three school districts. Some advantages and disadvantages of each of the three merger options are now considered.

Alfred-Almond/Arkport/Canaseraga

Advantages:

1. Greatest number of curricular options for the students

2. Larger high school provides the opportunity to stabilize extra-curricular offerings and add even more

3. Student enrollment is projected to be level over the next seven years

Disadvantages:

1. Largest geographical area of merged district will result in least efficient transportation system

2. Further study will have to be done to ensure that the merged high school and an elementary school will fit into one of the buildings

3. Uses the largest amount of incentive operating aid to reduce tax levy and level up teacher salaries

4. Politics of three-district merger are more complex than a two-district merger

Alfred-Almond/Arkport

Advantages:

1. Curricular and extra-curricular opportunities for students of both districts will be enhanced

2. Area of merged school district is smaller than in a three-district merger so transportation will be more efficient

3. Student enrollment is projected to be level over the next seven years

Disadvantages:

1. Uses the second largest amount of incentive operating aid to reduce tax levy and level up teacher salaries

Arkport/Canaseraga

Advantages:

1. Uses the least amount of operating incentive aid to reduce taxes and to level up teacher salaries

2. Smallest geographic area will provide for the most efficient transportation system

Disadvantages:

1. Enrollment is projected to decrease by 9.1% over the next seven years

In summary, the merging of school districts is a very complex undertaking. While there may be numerous benefits that accrue to the students and taxpayers of a merged district, always present are the emotional attachments that exist with the identity, the traditions, and the community center that schools represent for many people.

It is the purpose of this study to only look at the data that might predict which school districts might make the best partners to study a merger. This study is not purported to suggest that a merger would be successful but only to identify the potential for such a merger to occur.