

APPENDIX 13

1993 Reports on Dissolving and Expanding
the SRSD

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Memorandum

To: SAU Staff, School Board Members, LRPC Members
Re: Reports on Dissolving and Expanding the SRSD
Date: August 4, 1993

Following are draft reports concerning the dissolution and expansion of the Shaker Regional School District. Considerable time and effort have been put into these documents, although final editing has not been performed. Given the sensitive nature of these issues, we would like a limited number of people associated with the SAU, the District and the LRPC to carefully review the documents and offer comments, criticisms and suggestions to me to ensure the reports are accurate and understandable when they are made available to the general public.

Thank you for your assistance. I will be away from August 7 through August 14, but messages can be left on my answering machine.

Please keep the documents confidential.

SHAKER REGIONAL SCHOOL DISTRICT -- LONG RANGE PLANNING COMMITTEE
Financing Alternatives Sub-Committee
EXECUTIVE SUMMARY
THE ECONOMICS OF DISSOLVING THE SHAKER REGIONAL SCHOOL DISTRICT
August 1993

Background and Methodology

The Shaker Regional School District (SRSD) was created effective July 1, 1971. In 1981 a committee of Belmont and Canterbury citizens conducted an extensive study to determine whether the District should be dissolved and concluded it was in the best interests of both communities to keep the SRSD intact. As part of the work of the SRSD's Long Range Planning Committee to address existing problems in the District's schools, the Financing Alternatives Sub-Committee was asked to investigate whether dissolving the SRSD would help resolve one or more of the major issues facing the District and how splitting up the District would affect each community. In carrying out this assignment, the Sub-Committee reviewed the 1981 report, gathered data and other information from the SAU, contacted (through the SAU) surrounding school districts, referred to reports of others working on the LRPC, and conducted an independent analysis which is documented in the full report.

Conclusions

There are two non-economic issues that overshadow the analysis of dissolving the SRSD:

- N.H. Department of Education policies strongly discourage realignment of school districts. At this time, the Sub-Committee could not identify any compelling justification for the Department to approve a petition to dissolve the SRSD. However, the District's failure to address in an appropriate and timely manner the facilities and related problems at its schools could be accepted by the Department as sufficient cause to permit the dissolution of the District, as long as suitable alternative arrangements were made for the District's students.
- To date the Sub-Committee has been unable to identify an appropriate single district alternative for the more than 130 Canterbury students enrolled in grades 7 through 12 who would leave the District's junior and senior high schools upon the dissolution of the District. This situation is considered by the Sub-Committee to be a major obstacle to serious consideration of dissolving the District in light of the social/educational implications for these students and policies of the State Department of Education.

From an economic perspective, dissolving the SRSD would increase the cost of education to both Belmont and Canterbury. In both cases, the increased costs would be comparable to the cost increase associated with a bond issued to address the District's facilities and related problems.

- Dissolution of the SRSD would increase the total cost of education in Canterbury, including making excess debt service payments to Belmont pursuant to a dissolution agreement, by \$215,000 in the first year following dissolution, compared to the town's share of the SRSD budget for 1993-1994, or an increase of 13 percent.
- Dissolution of the SRSD would increase the total cost of education in Belmont by \$432,000, or eight percent, in the first year following dissolution, compared to the town's share of the SRSD budget for 1993-1994, not taking into account construction which would have to be carried out in the town's schools. Dissolution of the SRSD would have no impact on overcrowding at the Belmont Elementary School, nor on some of the facilities problems at the junior and senior high schools. While removing 130 Canterbury students from grades 7 through 12 will temporarily alleviate the space problems, continued growth in student population might necessitate major construction in the not too distant future.

Thus dissolving the District does not appear to be justified from an economic perspective, even if the non-economic issues were favorable for this course of action.

**SHAKER REGIONAL SCHOOL DISTRICT --
LONG RANGE PLANNING COMMITTEE
Financing Alternatives Sub-Committee**

**THE ECONOMICS OF DISSOLVING THE SHAKER
REGIONAL SCHOOL DISTRICT**

August 1993

**I.
INTRODUCTION**

The Shaker Regional School District (SRSD) was created effective July 1, 1971. In 1981 a committee consisting of members from Belmont and Canterbury conducted an extensive study to determine whether the District should be dissolved. The report concluded it was in the best interests of both communities to keep the SRSD intact. As part of the work of the SRSD's Long Range Planning Committee to address existing problems in the District's schools, the Financing Alternatives Sub-Committee was asked to investigate whether dissolving the SRSD would help resolve one or more of the major issues facing the District and how splitting up the District would affect each community.

Despite the fact that the SRSD represents the results of a contractual agreement between Belmont and Canterbury, according to state regulations, the N.H. Department of Education must approve dissolving the District. Therefore, at the outset, it is important to note that existing Department of Education policies strongly discourage the dissolution of cooperative school districts like the SRSD. Sub-Committee members were able to identify only one case in which a town withdrew from a cooperative school district within the past 15 to 18 years. While to the Sub-Committee's knowledge there is no prohibition of realigning school districts, it is clear the Department of Education requires a compelling justification for a community to withdraw from a district or for a district to dissolve. In other words, dissolving the SRSD would be very much of an uphill regulatory battle and it appears that such a move would not be approved merely for the convenience of the communities. In its investigation, the Sub-Committee did not identify compelling reasons at this time for the District's dissolution sufficient to convince the Department of Education to approve of such an action. However, the members noted that failure of the District to address its serious facilities and related problems in an appropriate and timely manner, in light of the seriousness of the situation, might be accepted by the Department as sufficient reason for dissolving the SRSD as long as suitable alternative education arrangements could be made for the District's students.

This report documents the results of the Financing Alternatives Sub-Committee's analysis, taking a narrower focus than the 1981 special committee. Our effort has concentrated on economic/financial matters and selected other major issues that could potentially affect the feasibility of dissolving the District. Much of the analysis follows the format used in the 1981 report, with updated information being provided by the staff of the SAU.

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The Sub-Committee, at the outset of its examination, was aware of the District's space needs and the ongoing work of the Long Range Planning Committee (LRPC) to address these needs. Nevertheless, the Sub-Committee has calculated the economic consequences of dissolution based on current conditions.

In conducting its analysis, the Sub-Committee also made other assumptions:

1. **Enrollment.** The Sub-Committee accepted the projected enrollment figures provided by the LRCP's Demographics Sub-Committee and used the low projection for this analysis. The figures are based upon actual census data and straight line projections were used (for more details please refer to the report on school enrollment projections prepared by the Demographics Sub-Committee). In the cost analysis, student enrollment figures associated with education costs immediately following the dissolution of the SRSB were for the 1993-1994 school year. Among the results of the Demographics Sub-Committee are the following:

Belmont				
Year	1-6	7-8	9-12	Total
1992-93	612	185	302	1099
1993-94	610	206	312	1128
1994-95	642	210	330	1182
1995-96	666	183	365	1214
1996-97	688	178	387	1253
1997-98	695	199	377	1271

Canterbury				
Year	1-6	7-8	9-12	Total
1992-93	148	45	91	284
1993-94	170	40	95	305
1994-95	166	52	100	318
1995-96	179	55	94	328
1996-97	170	49	97	316
1997-98	154	65	95	314

2. **Budget.** The Sub-Committee accepted and used in its calculations the projected 1993-1994 District Budget as presented in the 1992-1993 Annual Report. It reveals:

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Total Appropriation	\$7,774,704	
Less Receipts	<u>531,853</u>	
Total Assessments	\$7,242,851	
Belmont's Assessment (77.265 percent)	\$5,596,202	
Less Foundation Aid	<u>525,319</u>	
Belmont's Net Assessment	\$5,070,883	to be raised by taxes
Canterbury's Net Assessment (\$0 Foundation Aid)	\$1,646,649	to be raised by taxes

A. Pursuant to the District's *Articles of Agreement*, the capital and operating expenses payable each year are apportioned by fifty percent (50%) on the average daily membership of the pupils residing in each member town during the second preceding fiscal year and fifty percent (50%) on the equalized valuation of each town as determined by the N.H. Department of Revenue Administration. In 1991-1992 the average daily membership (ADM) was:

Town	ADM	Percent
Belmont	1114.8	79.74%
Canterbury	<u>283.3</u>	<u>20.26%</u>
District Total	1398.1	100.00%

In 1991-1992 the equalized values (EV) were:

Town	EV	Percent
Belmont	\$288,032,428	74.79%
Canterbury	<u>\$ 97,070,744</u>	<u>25.21%</u>
District Total	\$385,103,172	100.00%

By applying the apportionment factor to the average daily membership and equalized values, the capital and operating expenses of the District are borne as follows:

Belmont	77.265%
Canterbury	22.735%

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In 1971, when the District was created, the following school properties existed and were acquired:

Town	Property
Belmont	Gale School Memorial School Belmont High School (Old)
Canterbury	Elementary School

The property in Belmont had an appraised value at the time of \$790,000.00 while the Canterbury property was appraised at \$354,000.00. Using these values, in 1971 69.05% of the district property was located in Belmont and 30.95% was located in Canterbury. Canterbury, under the *Agreement*, was obligated to purchase an interest in the Belmont property.

In 1991-1992 the District owned the following properties having the following appraised values, as reported by the SAU:

Town	Property	Appraised Value
Belmont	Belmont Elementary School	\$2,750,000
	Gale School	310,500
	Memorial School	700,000
	Belmont High School (Old&New)	<u>\$3,750,000</u>
		\$7,510,500
Canterbury	Elementary School	<u>\$1,600,000</u>
Total District		\$9,110,500

Using these values, at the present time, 82.44% of the District's property is located in Belmont and 17.56% is located in Canterbury.

The interest of each town in the District's property is determined by applying its percentage of the apportionment formula used to calculate each town's share of capital and operating expenses to the total appraised value of the District's property as follows:

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Town	Capital/Expense Share		Total Appraised Value		Town's Share of District Property
Belmont	77.265 %	X	\$9,110,500	=	\$7,039,228
Canterbury	22.735 %	X	\$9,110,500	=	\$2,071,272

B. One of the economic consequences of dissolution is a reduction in State aid for school construction. The present State aid is 40% of the annual principal payment on the District's debt service. With dissolution, State aid would be reduced to 30%.

**II.
FINDINGS**

A. Effects on Canterbury.

If the District were dissolved, Canterbury would have to find space for its students in grades 7-12. Constructing one or more schools to house these students and providing a curriculum to at least equal that in the SRSD would be prohibitively expensive (the Sub-Committee did not, however, estimate the cost of this option). Therefore, the only alternative considered by the Sub-Committee was sending students in grades 7 through 12 to school in another District (to simplify the economic analysis, it was assumed the students would be tuitioned).

Following inquiries made to all school districts in surrounding communities, the Sub-Committee learned that only Franklin and Laconia could accept all of Canterbury's student (at least for the short term). No other district in the region had sufficient space, although it is likely a number of schools could accept a handful of students each. Franklin and Laconia are both far from Canterbury and would involve significantly longer bus rides for the students and increased transportation expenses compared to what exists within the SRSD. The Sub-Committee also questioned whether either school district offered the type of curriculum that would be an attractive alternative for Canterbury students, especially in light of the effects of budgetary problems in both cities over the past few years. In light of these concerns, the fact that under a tuition arrangement the townspeople would lose their voice in education matters assumed greater significance (even if Canterbury joined the city school district, because of relative sizes, Canterbury would have a much diminished voice). These factors combined to persuade the Sub-Committee that neither Franklin nor Laconia was a realistic single-district education option to the SRSD.

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To the Sub-Committee, the conclusion that there did not exist a realistic single-district education option for Canterbury's seventh through twelfth graders was a serious factor undermining the justification for dissolving the SRSD. Sub-Committee members were aware of the social and educational costs associated with sending children to a range of different schools, all on a tuitioned basis, which is why the single district alternative was considered so important. At the same time, members acknowledged the serious concern of many parents about the District problems. They believe that resolving the District's space problems would address the educational quality concerns of most parents and would significantly reduce one motive for dissolving the District, despite the expected increased costs associated with any solution to these problems. Members also recognized that failure to solve the space problems while maintaining the SRSD would probably increase the number of parents who will seek on their own alternative educational arrangements for their children and might increase pressure on the town to consider dissolving the SRSD and aggressively pursue alternative arrangements.

Despite the absence of a suitable education option for Canterbury's seventh to twelfth grade students, the Sub-Committee had to estimate the cost of this alternative as part of its analysis of the impacts on the town of dissolving the SRSD. As noted, it was assumed that Canterbury students would be tuitioned to another district. In considering the cost of tuitioning students in grades 7-12, the Sub-Committee used the report submitted by MaryJo Haney, a member of the LRPC, dated May 18, 1993 to determine per pupil costs. See Appendix A. To estimate tuitioning costs, the Sub-Committee assumed a tuition program would have to be superior to that available in the SRSD to justify taking the rather dramatic step of dissolving the District. In other words, to dissolve the District and change schools merely for the sake of change was not considered a reasonable, or likely, action. Given this assumption and the prevailing tuition costs in surrounding districts, the Committee used a first year per pupil tuition cost of \$6,516.00, plus transportation. This cost is the tuition charged by Concord (plus 2% for debt service), a district generally considered to have a more diversified curriculum than that offered by the SRSD. This figure is approximately \$300, or 5%, more than Laconia's tuition rate and \$1,700 (35%) more than Franklin's rate. It is also more than \$1,100 (21%) higher than Canterbury's per pupil cost of \$5,399 (which includes transportation) in the SRSD for the 1993-1994 academic year. It is, however, substantially less than the tuition costs in Alton and Gilford. Because of the number of students involved, this cost assumption affects the economic analysis. However, it would take a dramatic change in tuition rates to significantly alter the conclusions reached from the analysis.

The projected operating cost to Canterbury if the SRSD is dissolved includes the cost of running the Canterbury Elementary School, tuition costs and transportation expense. The cost estimate for the elementary school was obtained from the SAU which attempted to isolate those costs from the other costs in the 1993-1994 SRSD budget. Transportation costs were estimated based upon existing figures.

An important factor in calculating the budgetary impact of dissolution are the resulting changes in non-tax income to the two towns. This revenue include State and Federal aid, food service proceeds and interest. A detailed line by line analysis is required to determine the

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precise impact dissolution would have on these income items. Such a rigorous analysis was not deemed necessary. Instead, estimates were made by staff of the SAU based upon the 1993-1994 SRSD budget, as follows:

ITEM	DISTRICT	AFTER DISSOLUTION	
		BELMONT	CANTERBURY
Total Revenue other than Assessments	\$1,057,172		
Foundation Aid	\$ 525,319	\$525,319	
Other Income*	\$ 531,852	\$463,600	\$ 35,800

*The sum of Belmont and Canterbury's figures after dissolution do not equal the SRSD total because some income (approximately \$32,500) would be lost to both towns. Because the post dissolution figures were estimates, they were rounded to the nearest \$100.

The results these budgetary analyses for Canterbury are presented below:

Cost Item	Estimated Cost	Comments
Grades 1-6	\$ 863,323	1993-94 Budget Analysis by SAU 135 students @ \$6,516.00 Estimate based upon current costs
Grades 7-12	879,660	
Transportation	<u>121,370</u>	
Total Estimated First Year Costs after Dissolution	\$1,864,353	
Less Revenue other than Taxes	<u>\$ 35,800</u>	
Amount to be Raised by Taxes	\$1,828,553	

To this cost there would be added the net of that portion of Canterbury's share of the District's bonded indebtedness less Canterbury's share of the District's real property that Belmont would be obligated to purchase from Canterbury upon dissolution:

- Canterbury's share of the bonded indebtedness including interest (as of June 30, 1994) less State Building Aid (the total State Building Aid figure is included in

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Other Income to Belmont in sub-section B below) -- 40% of the annual principal payments -- $(22.735\% \times \{\$3,233,174 - \$922,000\})$ is \$525,445.

- Canterbury's share of the school property that Belmont would be obligated to buy upon dissolution was computed by deducting the value of the school property in Canterbury (\$1,600,000) from Canterbury's share of the total school property $(22.735\% \times \$9,110,500 = \$2,071,272)$. Thus, the total that would be due from Belmont is \$471,272.

As can be seen, Canterbury would owe Belmont \$54,173 more than Belmont would owe Canterbury. The two towns would have to agree on a payment schedule for both these amounts prior to dissolving the SRSD. No lump sum payment is required. For purposes of this analysis, the Sub-Committee assumed Canterbury would make its debt service payments to Belmont on a proportionate basis over the life of the bonds and that Belmont would pay for the purchase Canterbury's share of the District's property in equal payments over the same number of years Canterbury would be making debt service payments to Belmont. Approximately 42% of the pertinent indebtedness will be paid off by the year 2000 (seven years from the assumed date of dissolution -- June 30, 1994) and the remaining 58% will be paid off by the year 2005 (11 years from the dissolution date). As can be seen in the column titled "C-B NET" in Appendix B, under this assumption Canterbury would make a total of almost \$135,000 in payments between 1994 and 2001, after which Belmont would pay Canterbury over \$80,000 until 2005. This arrangement might not make the most sense. Although the debt service schedule is already established, the schedule of the property payments from Belmont to Canterbury can be made in a variety of ways. Indeed, since relatively little money is involved, Canterbury could make one or two lump sum payments to Belmont for the total net difference and the matter could be cleaned up in the first year or two after dissolution. Nevertheless, since much of the analysis is focused on the first year costs after dissolution, the assumption cited above is not unreasonable.

Calculations presented in Appendix B based upon these assumptions show, in the first year after dissolving the SRSD, Canterbury would pay Belmont \$33,310 more for its share of the debt service than Belmont would pay Canterbury for its share of the school property. This difference would steadily decrease (by about \$5,000 a year) until the year 2001 when one of the large bonds would be paid off. From 2001 to 2005, Belmont's annual property payments to Canterbury would be greater than Canterbury's share of the debt service, by more than \$16,000 in 2001 and increasing to almost \$24,000 by 2005.

From the above, it can be seen that the total education cost to Canterbury's taxpayers in the first year after dissolution of the SRSD would be approximately \$1,828,553 in operating costs plus the excess debt service payment of \$33,310, for a total of \$1,861,863. This is \$215,000 more than Canterbury's share of the SRSD 1993-1994 budget -- \$1,646,649, or an increase of 13 percent. The cost per student would increase from \$5,399 now to \$5,995, a \$600 per student (11 percent) hike. All other things being equal, that increase would decline as Canterbury paid of the excess debt service payments it owed Belmont.

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For purposes of comparison, if the District issued a bond to pay for resolving SRSD's space problems, the \$215,000 total education cost increase calculated above would be equal to Canterbury's share of the first year's payment on a \$10.5 million bond (assuming a 20-year term and 6.5 percent interest). If a bond issue of this magnitude is required to address the District's space problems, it can be argued that there would be little, if any, economic difference to Canterbury between staying in the SRSD and dissolving the District. As has been previously noted, economics is only part of the issue. Resolution of the problems in the District's schools would certainly remove much of the rationale for dissolving the SRSD. At the same time, the District's failure to adequately address the space problems would likely increase pressure in Canterbury to pursue arrangements with other districts and some parents would independently seek alternative education arrangements for their children.

B. Effects on Belmont.

Dissolution of the SRSD would, from an educational standpoint, have a less severe impact on Belmont. It has high school and junior high school facilities in place and, at this point, unlike Canterbury, no need to tuition students.

The Sub-Committee first addressed the impact of removing one hundred thirty-five (135) Canterbury students from Grades 7-12. According to the Sub-Committee's best estimate, there would be a slight reduction in high school class sizes (approximately three to five students per class) and at most a reduction of two classes in the 7th and 8th grades which would result in the elimination of two to four teaching positions. There would be no additional space available in the junior or senior high school for elementary school class rooms, since existing programs in those two schools would immediately spill over into whatever space was freed by the removal of the Canterbury students.

Since Canterbury has its own elementary school, dissolving the SRSD would not affect Belmont's elementary school program, which would remain overcrowded. The Memorial School and High School will also remain overcrowded as the growing elementary school classes age and pass through the school system. However, as stated above, the Sub-Committee did not examine the cost of new construction, but rather based its calculations on current conditions.

In light of the above, the impact to Belmont on its schools' operating budget following dissolution of the SRSD would be as follows:

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Item	Amount
TOTAL DISTRICT BUDGET (1993-1994)	\$7,774,704
• Less Canterbury Elementary School Cost (estimated by SAU)	863,323
• Less Canterbury Transportation Cost	121,370
• Less Four Teachers	140,000
• Less books, etc. (estd. \$40/student x 135)	<u>5,400</u>
NET DISTRICT BUDGET	\$6,644,611
Less Total Income (from District Budget)	\$1,057,172
Minus Lost Income	<u>68,300</u>
NET DISTRICT INCOME	<u>988,872</u>
AMOUNT TO BE RAISED BY TAXES	\$5,655,739

This total of \$5,655,739.00 is more than \$465,000, or nine percent greater than Belmont's share of the 1993-1994 SRSD budget of \$5,190,301.00 (a smaller relative increase than in Canterbury although more than twice as large in terms of actual cost). These figures would be offset by the net of Belmont's payments to Canterbury for Canterbury's share of the school property and Canterbury's payments to Belmont for Canterbury's share of the bonded indebtedness as discussed above. As stated in sub-section II.A. above and shown in Appendix B, the total net gain to Belmont would be \$54,173, of which (based upon the assumptions used by the Sub-Committee) \$33,310 would be paid in the first year after dissolution of the District. Thus, in the first year following dissolution, the total education cost to Belmont's taxpayers

would be \$5,622,429, or an increase of approximately \$432,000 -- 8.3 percent (without any allowance for construction).

The budget increases cited above would result in an increase in the cost per student from the current \$4,961 to \$5,890, a jump of over \$900, or almost 19 percent (compared to a \$600 per student, or 11 percent, increase in Canterbury). One reason for such a larger per student cost increase in Belmont is the District's cost allocation formula between the two towns results in higher per pupil costs for Canterbury than Belmont (Canterbury's cost for the 1993-1994 academic year is \$5,399). Put another way, Canterbury taxpayers subsidize Belmont's students -- paying \$438 more per student than Belmont does, and \$219 more per student than if the District's costs were allocated solely on the basis of the number of students from each community. Thus, if Canterbury were no longer in the SRSD, Belmont would have to carry the full cost for each of its students.

Belmont's projected increase in education costs following dissolution of the SRSD would be further increased by construction to accommodate the space needs in the elementary school that were not affected by the District's dissolution. Also, while dissolution would at least

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temporarily alleviate some of the space problems in the junior and senior high schools, immediate work in those facilities would still be required (if for nothing more than to comply with the Americans with Disabilities Act). At the time the report was prepared, it was not possible to estimate what these construction projects might cost. However, unlike the current situation in which both towns share all capital costs (as well as operating costs), following dissolution, Belmont would have to absorb all the capital costs itself.

For comparison purposes, the net increase in Belmont's school costs for the first year after dissolution of the SRSD (without any construction) would be equivalent to the first year's payment on a \$6.2 million 20-year bond at 6.5 percent interest issued by the District to address its space problems. From this perspective, the increased costs to Belmont associated with dissolution would support a smaller bond issue than Canterbury's cost increase. This means that in the short term, dissolving the SRSD might cost Belmont less than keeping the District intact and issuing a larger bond issue to implement long term solutions to the facilities problems. However, Belmont would still face capital expenditures on its own over the short term at all its schools, and might be faced with additional construction in a few years as the growing elementary school population works its way up through the junior and senior high schools. Taking these factors into account, it is reasonable to conclude that purely from an economic perspective the long term costs to Belmont of maintaining the District and addressing space and other problems at the schools would be comparable to those associated with dissolving the District.

II. CONCLUSIONS

Based upon its review of the dissolution of the SRSD, the Financing Alternatives Sub-Committee reached the following conclusions:

1. Non-Economic Issues

There are two non-economic issues that overshadow the analysis of dissolving the SRSD:

- N.H. Department of Education policies strongly discourage realignment of school districts. At this time, the Sub-Committee could not identify any compelling justification for the Department to approve a petition to dissolve the SRSD. However, the District's failure to address in an appropriate and timely manner the facilities and related problems at its schools could be accepted by the Department as sufficient cause to permit the dissolution of the District, as long as suitable alternative arrangements were made for the District's students.

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- To date the Sub-Committee has been unable to identify an appropriate single district alternative for the more than 130 Canterbury students enrolled in grades 7 through 12 who would leave the District's junior and senior high schools upon the dissolution of the District. This situation is considered by the Sub-Committee to be a major obstacle to serious consideration of dissolving the District in light of the social/educational implications for these students and the policies of the State Department of Education on such matters.

2. Economic Issues

Dissolution of the SRSD would increase the cost of education to both Belmont and Canterbury. In both cases, the increased costs would be comparable to the cost increase associated with a bond issued to address the District's facilities and related problems.

- Dissolution of the SRSD would increase the total cost of education in Canterbury, including making excess debt service payments to Belmont pursuant to a dissolution agreement, by \$215,000 in the first year following dissolution, compared to the town's share of the SRSD budget for 1993-1994, or an increase of 13 percent.
- Dissolution of the SRSD would increase the total cost of education in Belmont by \$432,000, or eight percent, in the first year following dissolution, compared to the town's share of the SRSD budget for 1993-1994, not taking into account construction which would have to be carried out in the town's schools. Dissolving the SRSD will have no impact on overcrowding at the Belmont Elementary School, nor on some of the facilities problems at the junior and senior high schools. While removing 130 Canterbury students from grades 7 through 12 will temporarily alleviate the space problems, continued growth in student population might necessitate major construction in the not too distant future.

Thus dissolving the District does not appear to be justified from an economic perspective, even if the non-economic issues were favorable for this course of action.

NOTE: For more information or answers to questions concerning this report, contact members of the LRPC, including the Co-Chair of the Financing Alternatives Sub-Committee, Peter Hofman (267-8910).

APPENDIX A

LONG RANGE PLANNING COMMITTEE
May 18, 1993

Non-construction alternative:

Tuitioning Shaker Regional students to other school districts

This information was obtained through the SAU from the NH Dept of Education Computer and Statistical Services dated February 4, 1993. The following costs per pupil are based on current expenditures as reported on each district's annual financial report for 1991-1992. The current expenses represent operating costs and do NOT include transportation or debt service expenditures. An additional 2% would be added to these tuition amounts.

Because of their proximity to Shaker Regional, if space was available in the following districts, they would be the most convenient and efficient for us to consider.

<u>District</u>	<u>Tuition/student/year</u>
Alton	\$7,320.
Concord	\$6,388.
Franklin	\$4,726.
Gilford	\$7,533.
Laconia	\$6,083.
Merrimack Valley	\$4,389.
Winnisquam Regional	\$5,524.
Average tuition:	\$5995.
+ 2%	<u>\$ 120.</u>
	\$6115.

Average tuition/student/year: \$6115. + transportation provided by Shaker Regional

(Presently, Shaker Regional spends \$4,829./ student / year educating our students within our district.)

Example #1: 100 students tuitioned to Gilford would cost the district \$753,300 plus \$15,066 (2%), totalling \$768,366. per year plus transportation. (highest)

Example #2: 100 students tuitioned to Merrimack Valley would cost the district \$438,900 plus \$8,778 (2%), totalling \$447,678. per year plus transportation. (lowest)

Submitted by
MaryJo Haney

APPENDIX B

SHAKER REGIONAL SCHOOL DISTRICT
LONG RANGE PLANNING COMMITTEE

Analysis of Dissolution of the District
Debt Service and Property Buy Out Schedule 1994 – 2005

SCHOOL YEAR	PRINCIPAL	STATE BLDG AID	NET PRINC	INTEREST	TOTAL	CANT AMT	BELMONT PROP \$	C-B NET
1994-1995	\$260,000	\$104,000	\$156,000	\$178,959	\$334,959	\$76,153	\$42,843	\$33,310
1995-1996	\$260,000	\$104,000	\$156,000	\$159,055	\$315,055	\$71,628	\$42,843	\$28,785
1996-1997	\$260,000	\$104,000	\$156,000	\$138,434	\$294,434	\$66,940	\$42,843	\$24,097
1997-1998	\$260,000	\$104,000	\$156,000	\$118,106	\$274,106	\$62,318	\$42,843	\$19,475
1998-1999	\$255,000	\$102,000	\$153,000	\$98,137	\$251,137	\$57,096	\$42,843	\$14,253
1999-2000	\$255,000	\$102,000	\$153,000	\$77,790	\$230,790	\$52,470	\$42,843	\$9,627
2000-2001	\$255,000	\$102,000	\$153,000	\$57,629	\$210,629	\$47,886	\$42,843	\$5,044
2001-2002	\$125,000	\$50,000	\$75,000	\$42,076	\$117,076	\$26,617	\$42,843	(\$16,226)
2002-2003	\$125,000	\$50,000	\$75,000	\$30,402	\$105,402	\$23,963	\$42,843	(\$18,880)
2003-2004	\$125,000	\$50,000	\$75,000	\$19,550	\$94,550	\$21,496	\$42,843	(\$21,347)
2004-2005	\$125,000	\$50,000	\$75,000	\$8,036	\$83,036	\$18,878	\$42,843	(\$23,965)
TOTALS	\$2,305,000	\$922,000	\$1,383,000	\$928,174	\$2,311,174	\$525,445	\$471,272	\$54,173

**SHAKER REGIONAL SCHOOL DISTRICT LONG RANGE PLANNING COMMITTEE
FINANCING ALTERNATIVES SUBCOMMITTEE
ASSESSMENT OF EXPANDING THE DISTRICT
Summary Report
June 1993**

BACKGROUND

An underlying assumption guiding the work of the *Long Range Planning Committee (LRPC)* has been that the *Shaker Regional School District* would remain intact. Nevertheless, the *LRPC* investigated two alternatives involving a realignment of the *District*: dissolution and expansion. The first option is discussed in a separate *LRPC report*. An assessment of the second option is summarized below. The *LRPC* could not predict what the results would be; it is committed to providing high quality education for the *District's* children at a reasonable cost. If changing the *District's* boundaries furthered the achievement of that objective, it would be recommended.

METHODOLOGY AND CRITERIA

Assessing the expansion of the *Shaker Regional School District* involved applying a set of criteria to each potential new *District* member. The analysis performed was qualitative in nature. The communities considered in the analysis are adjacent to either Belmont or Canterbury and include:

- Boscawen
- Gilmananton
- Northfield
- Concord
- Laconia
- Tilton
- Gilford
- Loudon

The *Financing Alternatives Subcommittee (FAS)* decided that including more distant communities in the *District* would involve serious logistical and cost problems. To evaluate the potential of each community to join the *District*, the *FAS* developed and applied the following criteria:

- State regulatory constraints
- existing school district arrangements -- the cost of redistricting
- community control over education
- impact on the *District's* space needs
- educational impact

CONCLUSIONS

The analysis of expanding the *Shaker Regional School District* led to the following conclusions.

- There appears no compelling educational or financial reason that would persuade the State Department of Education to permit a realignment of school districts so that one or more adjacent communities could join the *Shaker District*.
- There appear to be significant financial disincentives to any community presently included in a school district with one or more other communities to withdraw from that district and join the *Shaker District*.
- None of the communities adjacent to Belmont or Canterbury appears to have excess space in its school facilities that would help address the *Shaker District's* space problems; adding any of these communities would likely aggravate these problems.
- On the basis of the above, there is no community adjacent to Belmont or Canterbury which should be pursued as a prospective new member of the *Shaker Regional School District*, since adding any of the communities would not be mutually advantageous.

**SHAKER REGIONAL SCHOOL DISTRICT
LONG RANGE PLANNING COMMITTEE
FINANCING ALTERNATIVES SUBCOMMITTEE**

ASSESSMENT OF EXPANDING THE DISTRICT
June 1993

BACKGROUND

The underlying assumption of the *Long Range Planning Committee (LRPC)* throughout the course of its work has been that the *Shaker Regional School District* would remain intact. Nevertheless, the *LRPC* decided two alternatives involving changes in the *District's* boundaries should be investigated:

- dissolution of the *District*
- expansion of the *District*.

The first option is discussed in a separate report of the *LRPC*. An assessment of the second option is presented below. These analyses were not conducted as academic exercises. Indeed, the *LRPC* had no idea ahead of time what the results would be; it is committed to providing high quality education for the *District's* children at a reasonable cost. If changing the *District's* boundaries furthered the achievement of that objective it would be recommended.

METHODOLOGY AND CRITERIA

The approach used to assess the expansion of the *Shaker Regional School District* involved identifying potential new *District* members and evaluation criteria and other factors that would affect the feasibility of each potential new member's joining the *Shaker District*. The analysis performed was qualitative in nature, because detailed quantitative analysis was not deemed necessary.

FINDINGS

The initial list of potential new *District* members included communities adjacent to either Belmont or Canterbury. The *Financing Alternatives Subcommittee (FAS)* decided that including communities further removed in the *District* would involve serious logistical and cost problems.

The initial list included the following communities:

- Boscawen
- Concord
- Gilford
- Gilmanton
- Laconia
- Loudon
- Northfield
- Tilton

To evaluate the potential of each community to join the *District*, the *FAS* developed and applied a set of criteria which included the following:

Shaker Regional School District
Long Range Planning Committee -- Financing Alternatives Subcommittee
Assessment of Expanding the District
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- State regulatory constraints
- existing school district arrangements -- the cost of redistricting
- community control over education
- impact on the *District's* space needs
- educational impact

Each of these criteria is discussed briefly below:

- **Regulatory Constraints** -- Perhaps the most important criterion involves State regulations. The *New Hampshire Department of Education (DOE)* must approve changes in school district boundaries. The *DOE's* policy has been to change district boundaries as little as possible and only when there are compelling reasons to do so and all the communities involved are in agreement. The *FAS's* evaluation revealed no community for which changing its district affiliation would be driven by a compelling reason. Thus, the *FAS* members questioned whether the State would approve any of the potential district realignments.
- **Existing District Arrangements** -- All but one of the communities listed is a member of a school district for all grades. Each of these communities would, therefore, have to withdraw from its existing district (probably at some economic cost) and then buy into the *Shaker Regional School District* -- including purchasing an interest in the *District's* existing schools as well as any new facilities or facility improvements adopted by the *District*. This potential large economic disincentive was considered a "fatal flaw" in assessing the feasibility of including any of the communities in the *Shaker District*.

The exception noted above is the Town of Gilmanton. Gilmanton does not belong to a district for grades 9 through 12, but rather tuitions its high school students to another school under contract. For Gilmanton to join the *Shaker District* for all grades, it would have to withdraw from its existing district for grades K through 8 and terminate its tuition contract, then buy into the *Shaker Regional School District*. Having Gilmanton join the *Shaker District* only for high school would be simpler, but would still require a contract termination and a buy in to our regional district. In the absence of significant educational advantages over its current tuition arrangement, the financial investment required for Gilmanton to buy into the *Shaker School District* is considered by *FAS* members to be a major obstacle to any such action.

- **Community Control over Education** -- From a practical perspective, to minimize Belmont and Canterbury residents' control over education in the *Shaker District*, any community joining the District should be comparable in size to Belmont or Canterbury. All but two communities, Concord and Laconia, satisfy this criterion. Adding one or more communities to the *District* would dilute Belmont and Canterbury's voice in the operations of the *District's* schools and would increase the complexity of running the school system. *FAS* members were also concerned about

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historic and/or current educational trends, issues or problems in adjacent towns which reflected different educational philosophies than exist in the *District*.

The two cities on the list are relatively large compared to Belmont and Canterbury that, rather than one of them joining the *Shaker District*, we would have to join one of their districts. Given past and current pressures on these two city school systems (and the ongoing debate in Concord regarding its relationship with Bow), the *FAC* decided that joining the Concord or Laconia districts would probably not be welcomed by either city. Another key factor is that, given the relative size differences, Belmont and Canterbury would sacrifice their control over educational issues if they joined a city school system.

- **Impact on the District's Space Needs** -- Of the towns included in the list, none appear to have any excess space in its existing school facilities. Thus, adding any of the towns to the *Shaker District* would only aggravate our *District's* space problems and increase pressure for new construction. Further, some of the towns have existing facility problems, which we would assume if one of those towns joined the *Shaker District*. Of note is the fact that the only school district in the region that was identified as having excess space is Franklin's.
- **Educational Impact** -- *FAC* members noted that expanding the *District's* enrollment might enable the *District* to expand its curriculum offerings which would be an educational benefit to students. None of the towns on this list had particular educational programs which would benefit the *District* and which could not be obtained through other arrangements (*Shaker* students do take courses in Laconia and at Winnisquam Regional High School).

CONCLUSIONS

The analysis of expanding the *Shaker Regional School District* led to the following conclusions.

- There appears no compelling educational or financial reason that would persuade the State Department of Education to permit a realignment of school districts so that one or more adjacent communities could join the *Shaker District*.
- There appear to be significant financial disincentives to any community presently included in a school district with one or more other communities to withdraw from that district and join the *Shaker District*.
- None of the communities adjacent to Belmont or Canterbury appears to have excess space in its school facilities that would help address the *Shaker District's* space problems; adding any of these communities would likely aggravate these problems.
- On the basis of the above, there is no community adjacent to Belmont or Canterbury which should be pursued as a prospective new member of the *Shaker Regional School District*, since adding any of the communities would not be mutually advantageous.