

## Finding Opportunity in Crisis

*Declines in enrollment can create some huge unanticipated financial challenges. How you handle the tough choices will have an impact on your district's future success*

**S**chool districts often encounter unexpected financial problems. For example, current economic conditions have caused dramatic reductions in tax receipts while medical insurance and pension costs continue to skyrocket.

Declining enrollment also can create unanticipated financial challenges. Even with regular demographic studies, population changes often are difficult to predict accurately. For instance, a district's demographic profile may shift suddenly because the town board denies a housing project, or a major employer decides to close an office or a plant.

When enrollment declines, districts are confronted with difficult choices. Small districts, which often have higher costs per student, are facing increased

pressure to consolidate by taxpayers or state authorities.

Merging districts to achieve economies of scale may be viewed as the ultimate solution. Numerous studies have outlined the advantages and disadvantages of consolidations. Once central office functions are consolidated, opportunities to combine or share operations may be limited.

For example, to achieve equity between two merging staffs, the renegotiation of employee contracts may lead to higher salaries for the lower-cost partner. If the mix of teachers for required subjects is inadequate, additional hires may be necessary. Also, both employees and students will face transportation issues such as extended travel times. Schedule changes may cause district

expenses to rise.

In other words, savings may be anticipated, but they're not always achievable.

### One district's dilemma

Consider Briarcliff Manor School District, where I served on the board for many years. A small, suburban K-12 district, Briarcliff was targeted for merger by the New York State Education Department. The district, which had just 750 students, consisted of one elementary and one middle school, plus a high school with an enrollment of less than 300. Aging infrastructure, rising costs, and a dramatic drop in enrollment threatened the district's independence. Almost 11 percent of students who lived in the district attended private or parochial schools.

To boost enrollment and generate income, Briarcliff Manor decided to accept tuition students for the high school. A neighboring K-8 district allowed its students to choose a high school from three neighboring districts. Each student's choice was influenced by a variety of factors ranging from their parents' view of the educational program offered, previous choices made by older siblings, or available sports programs. Unfortunately, only one third of the eighth-grade graduates chose Briarcliff Manor.

The district enjoyed a good reputation, but the ongoing enrollment decline caused major problems. Teachers, administrators, and community members realized the district no longer met the needs of the children. Continuing program cuts only served to increase the flight to private and parochial schools. Not surprisingly, teacher morale was



low, especially when ongoing staff cut-backs continued.

The board was faced with some tough decisions. What was the next move? What were the options?

The idea of pursuing merger or consolidation was considered, but many community members had been educated in the district and didn't want to lose it. Others wanted the district to continue but were unwilling to accept the scaled-down programs being offered. Some taxpayers believed merger was the only way to cut costs.

Despite conflicting opinions, consolidation looked like the only solution. However, this district learned that crisis situations could present surprising opportunities.

### **An alternate solution**

Fortunately, both a new superintendent and high school principal recently had been hired. They approached existing problems with a radically different view. The new administrative team saw the twin crises of declining enrollment and educational program quality as opportunities to raise standards for current students, solve the nagging problem of losing enrollment to private schools, and cut per-pupil costs.

They proposed to address the root cause of dissatisfaction felt by private school parents. A plan was developed to offer superior education, bolster the district's reputation, and win back students. They also hoped to attract a larger portion of tuition students.

The administration's daring proposal included a budget increase to provide Advanced Placement (AP) courses and raise the quality of the academic program across all subjects.

Initially, the proposal was met with disbelief and strong board opposition. The idea of spending more money to expand course offerings and athletic programs in the face of declining enrollment was counterintuitive. Understandably, short-term money issues were driving the deliberative process.

Having analyzed the problem carefully and anticipating that they would run into resistance, the administrators were well prepared and patient. As they began to detail their plans and explain the rationale for the proposal, it became clear that their ideas could really work.

### **Changes make a difference**

The improved academic programs accomplished several objectives. Naturally, current students benefited from the higher quality education. But as private school parents regained confidence in Briarcliff Manor, they decided that paying private tuition was no longer necessary. Finally, students and parents from the K-8 district had a more attractive choice.

In a break from previous practice, the administrators opened AP courses to all students who were interested in the subjects and willing to accept the academic workload. This was a key selling point to critics concerned that the program would only serve an exclusive portion of the high school population.

Administrators correctly calculated that increased enrollment would not attract more tuition students and trigger increases in state aid. This combined income caused the per-student cost to decline. The district then moved to reinvigorate its athletic programs, providing yet another reason for tuition students to enroll.

Planning ahead, the administrators proposed that similar concepts be applied to students with special needs. Instead of sending special education students to regional programs, the district developed its own. The plan allowed many students to remain local, saving significant transportation costs and tuition payments. Because the students remained on the same campus as their friends, the concept was appealing to parents.

Since the district had available classroom space and was not saddled with a high-cost administrative structure, the special education program provided a

low-cost alternative for students in neighboring districts as well. Those districts benefited because their high administrative and transportation costs were eliminated. As anticipated, the special education programs provided an additional income stream.

### **Behind the numbers**

Over time, Briarcliff Manor's share of tuition students rose from 33 percent to 66 percent of the K-8 graduates. Resident private school enrollment dropped from 11 percent to less than 5 percent. Meanwhile, housing prices and property assessments increased as the district's reputation flourished.

Total district enrollment rose to more than 1,800 students, an increase of more than 1,000. The larger enrollment fostered stronger sports programs and scientific research opportunities as well as national art, music, and academic challenge competitions. A variety of extracurricular career and literary-oriented clubs were offered and opportunities were introduced to enhance students' awareness of life beyond their own community.

Admittedly, these circumstances were unique. Not every district faced with declining enrollment and economic pressures can replicate this transformation. However, with creative thinking and a talented administration, seemingly insurmountable obstacles can be transformed into opportunities.

So, before allowing prevailing opinion to push you into consolidation, take a step back and look at all of your options. You may find, in the midst of a crisis, your district is in a position of unexpected opportunity. ■

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