

*Study to Determine the Impact of School System Organization on Economic
Development in Our Community*
October 9, 2008

Background

Last year, the Valdosta-Lowndes County Chamber of Commerce created a School System Study Task Force to:

- (1) Determine the possible links, if any, between school system organization and economic development, and
- (2) Make recommendations to the full Chamber Board on issues related to school system organization and economic development in the community.

As part of this process, the Task Force contracted with the University of Georgia to conduct a review of the academic literature and a survey of site selection professionals, communities in Georgia that have undertaken school unification, and communities similarly situated to Valdosta-Lowndes County that have not unified. While the majority of the individuals surveyed indicated a preference (from an economic development perspective) for a unified school system, the study was inconclusive on the direct correlation between unification and economic development benefits. Essentially, the study concluded that while unification may be one of many tools the community uses to improve education, unification alone is not likely to solve the educational problems in Valdosta-Lowndes County. A summary of the study follows.

Next Steps

The Task Force has met regularly with the superintendents from both school systems throughout the process, and both superintendents and Board Chairs have received copies of the full study. At the beginning of the process, the Task Force promised the community an opportunity to have a public conversation and input regarding the results of the study. An interactive community meeting is planned for all interested parties in Valdosta-Lowndes County on November 17 at the James H. Rainwater Conference Center, from 6:30-8:30 p.m. The meeting will be conducted by professional facilitators from the University of Georgia's Fanning Institute using small group discussion and wireless computer technology to best capture the thoughts and ideas of everyone present.

Those interested may view the summary and full report on the Chamber's Web site (www.valdostachamber.com; select School System Study). Any questions about the study and the Task Force's work may be directed to mballard@valdostachamber.com.

This public input and listening session is a critical component in the Task Force's process, and the Task Force will not make any recommendations to the full Chamber Board until it has fully considered all public comments received at the meeting or via email prior to the meeting.

Executive Summary of the Study

1. *Based on the study and the survey of Chamber members, there appears to be a very strong consensus among business site selectors, business executives in peer communities, and Valdosta-Lowndes Chamber members that a unified school system is perceived (by themselves and others) as 'better'.*
2. *There is little, if any, financial advantage to unification of two school systems the size of Valdosta City and Lowndes County; a minimal long-term savings is possible.*
3. *The current graduation rates and AYP status of both systems are unacceptable to the business community.*
4. *Unification is not a 'silver bullet' and will not in and of itself 'fix' the problem of unacceptable graduation rates and AYP status; a number of interrelated initiatives exist that could have a tremendous positive impact on these issues, and that could benefit from greater involvement of the business community include but are not limited to:*
 1. *Socioeconomic integration at an early stage on a school level*
 2. *Consideration of inclusionary zoning and other measures that increase neighborhood integration*
 3. *Increased parental involvement*
 4. *Additional mentoring and early intervention*
 5. *Helping our schools achieve AYP at all levels, but particularly at the high school level*
5. *Based on the survey of Chamber members:*
 1. *There is a strong perception among the local business community that the perceived comparative quality of our two school systems is affecting real estate sales and rentals.*
 2. *If the decision to continue with two school systems or to unify our school systems was purely a decision for the business community to make, the decision would be to unify our schools.*

I. To what degree do professionals in business site selection consider school system organization as a factor in business location?

Methodology:

- CVIOG faculty reviewed the literature on site selection, and
- Conducted structured interviews with business site selection consultants who work in Georgia and the Southeast United States.
- 17 business site selectors were interviewed; interviewers attempted to interview 65 site selectors.

Findings:

- The literature on site selection indicated that school organization had not been studied as an issue impacting business site selection.
- Structured interviews with business site selectors suggested that these individuals on average had a strong preference for a single unified, community-wide school organization (as opposed to having multiple school systems in the community).
- Business site selection consultants identified a number of dimensions on which a single unified school organization appeared to provide superior performance, including but not limited to:
 - Businesses forming school-business partnerships
 - Businesses being able to influence school curricula and policy
 - Businesses having capacity to manage the scheduling of employees who are parents of school-age children
 - The community's ability to manage issues of diversity and human relations
 - The community's ability to limit distortions in the housing market
 - Educational leaders' ability to streamline the business operations (e.g., finance, personnel, transportation, etc.) of the school systems
 - The community's ability to conduct a comprehensive educational improvement effort
- On the "bottom line" question of overall preference for the unified versus multiple school districts, only 5.9% of the business site location consultants preferred the multiple school district organizational form of governance.
- Although business site selection consultants identified numerous advantages of a unified school organization, the issue of school organization ranked 12th of 16 decision factors related to site selection. Having business and industrial training institutions in the community ranked first, the ability to complete business-related applications, permits, and licenses in one stop on the local government web site was rated second, and a low crime rate was ranked third.

2. To what degree do business executives considering relocation to a community consider school system organization as a factor in choosing employment opportunities?

Methodology:

1. CVIIOG faculty reviewed the literature on business involvement in school unification, and
2. Conducted structured interviews with business executives in peer communities in Georgia.
3. 18 business executives were interviewed; interviewers attempted to interview 135 business contacts.

Findings:

4. The literature on business involvement in school unification suggests that business leaders and business organizations have traditionally been strong supporters of school unification efforts.
5. Structured interviews with business executives in peer communities suggested that these individuals on average had a strong preference for a single unified, community-wide school organization.
6. Business executives identified a similar set of dimensions as identified by business site consultants on which a single unified school organization appeared to provide superior performance.

3. What is the relationship between school system organization, school performance, and economic development?

Methodology:

- CVIOG's review of the literature on the relationship between school system organization, school performance, and economic development suggests that the research necessary to identify a strong and consistent linkage between school system organization, school performance, and economic development has not yet been conducted.
- The Chamber contracted with Dr. Cynthia Tori to conduct an economic impact analysis of the potential increase in African American students' graduation rates if local schools were more integrated.

Findings:

- The majority of studies of the impacts of socioeconomic integration of students suggest positive impact on school performance.
- CVIOG found no study that directly address the issue of the relationship between school unification and economic development.
- Based on Dr. Tori's study, the expected economic impact per year is between \$0 and \$188,243. If there is a unified system with equal racial integration of schools within it:
 - The VHS graduation rate would increase by 1.2 percentage points to 58.5% (from 57.3 to 58.5)
 - The LHS graduation rate will decrease by 0.8 percentage points to 77.6% (from 78.4% to 77.6%).
 - The expected net percentage point change is a 0.4 increase. This is the equivalent of 19 students for the entire high school cohort (in four years when all the students in the high schools have graduated).
 - Assuming high school graduates earn on average \$6,606 more annually than non-graduates, this equates to an expected economic impact of \$188,243/year.
- Dr. Tori's study also found that meeting AYP has a greater impact on graduation rate than racial composition. To meet AYP, a school must meet many different types of assessment measures from school attendance (you can't learn if you are not in class) to test scores to drop-out rates. If both VHS and LHS meet AYP, the study showed that graduation rates for each school would increase by 8.08%. If LHS does not meet AYP for several years in a row, the study suggests that the LHS graduation rate would decrease 8.08%.

4. What is the potential relationship between the organization of school systems and residential demographic patterns, and economic development?

Methodology:

- CVIOG faculty reviewed the literature on the relationship between the quality of schools and residential development and demographic patterns
- CVIOG identified six communities in Georgia that have consolidated their school districts since 1987 and compared dissimilarity indices for Census tracts in 1980, 1990, and 2000
- CVIOG compared Troup County and Lowndes County regarding assessed property values in the incorporated areas versus the unincorporated areas for 1990, 2000, and 2007

Findings:

- The review of the literature found that housing prices for exactly the same house will vary considerably based on the quality of the schools in the area where the house is located. This impact is likely to have additional impacts including:
 - 1) A tendency for developers (all else being equal) to invest more heavily in areas where school quality is considered good
 - 2) As development and investment expands in the areas where school quality is considered high, the population will tend to follow. However, it is not just any population that follows; instead, the population that follows is one that is on average more affluent (i.e., able to pay the premium on housing located in the desirable school attendance zone)
 - 3) The potential for lower-income families to acquire more house-per-dollar-of-investment in the areas where school quality is below average (i.e., relatively speaking housing in these areas is discounted)
 - 4) Because of #2 and #3, there is a strong potential for a clustering of residents by income (i.e., lower income residents in the inner city and higher income residents in the suburban areas)
 - 5) As the lower performing schools attract fewer and fewer families with resources, the quality of these schools may deteriorate further, potentially creating a vicious cycle.
- The findings of CVIOG's research do not suggest any particular pattern of change in residential segregation among the six peer communities since unification. This could be due to changes in the geography of the Census tracts over the study period.
- The differences in the rate of relative growth in assessed values of residential properties in incorporated versus unincorporated areas in Lowndes and Troup counties over the 1990-2007 period are very small, suggesting that without further controls, it is impossible to conclude that school district mergers impact the relative investments or values of residential properties.

5. What are the issues in school unification efforts and how do they relate to the advantages and disadvantages of this organizational structure?

Methodology:

- CVIOG faculty reviewed previous unification studies to identify the issues involved in school unification

Findings:

- Potential advantages/disadvantages are presented in table format with the finding of an advantage or disadvantage identified as existing under two possible scenarios:
 - Scenario A: The unification does not result in any changes in the enrollment zones or school attendance systems (and therefore does not result in any changes in the composition of the student body in terms of race and class)
 - Scenario B: The unification results in changes in school enrollment zones or school attendance systems such that the composition of the student body at individual schools becomes more diverse with regard to race and class.
- Dimensions in which neither a consolidated system nor a non-consolidated system appear to have an advantage are marked with a question mark (?). For some dimensions, the data may be ambiguous but has a tendency in one direction: these cases are marked as either +? or -?.

Table 1: Assessment of Advantages/Disadvantages of Unification for Dimensions Identified in the Literature Review and Data Analysis

Dimension	Scenario A No Change in Enrollment Zones	Scenario B Enrollment Zones Changed
Historical perceptions of business and educational leaders	+	+
Ability to work effectively with foundation funders (e.g., Gates Foundation's support of small schools has gone to larger school districts)	+	+
Ability to build a unified community identity and vision for educational change	+	+
Ability to assure equal property tax funding for all students in the community and equal sharing of the property tax burden in support of the education of youth in the community	+	+
Ability to provide for rational facilities planning and facility locations within the community	+	+
Ability to address issues of racial and class segregation in the community and to reduce the distortions and hindrances to economic development that this causes	?	+
Ability to improve the school performance and graduation rates of minority students	?	+
Ability to minimize the cost of administrative functions through reduction in duplicative systems (accounting, personnel, information technology) and positions (e.g., directors of administrative units).	+	+
Ability to support more specialized educational programs and services	+	+
Likelihood of decreased operational costs due to improved economies of scale	?	?
Likelihood of improved student performance	+?	+?
Likelihood of increased housing values among disadvantaged homeowners	+?	+?
Likelihood of increased earnings for African-American graduates	?	+
Likelihood of increased earnings for the average household	?	+
Likelihood of improved funding through the state's QBE funding formula.	-	-
Likelihood of lowered personnel costs due to equalization of local salary supplement (short-run)	-	-
Likelihood of lowered personnel costs due to equalization of local salary supplement (long-run)	+	+
Likelihood of improved financial assistance from the State for facilities planning and development	+	+
Likelihood of community satisfaction with unification	+	+

Survey of Chamber members:

Methodology:

- The 1,563 members of the Valdosta-Lowndes County Chamber of Commerce received a request from the Chamber to respond to a school system survey on Sept. 10, 2008.
 - The Chamber utilized Survey Monkey to conduct the survey, which has reasonable controls to prevent a Chamber member from responding more than once to the survey from a particular email address, and is completely confidential, as it is impossible to identify respondents unless a respondent voluntarily includes his/her name
- The subject line was: “One school system or two? Does it affect economic development?”
- Chamber members were allowed to respond between Sept. 10 – 23, 2008.

Findings:

- N= 345 (22% of the Chamber’s 1,563 members)
- Overall,
 - 18.4% of the respondents favored two school systems
 - 78.3% of the respondents favored a unified system
 - 3.7% of the respondents did not respond to one or more questions
- 213 respondents (61.7% of those responding to the survey) added written comments to their surveys.
 - Of those comments in favor of two systems, the most frequently cited reasons were:
 - Choice
 - Competition
 - A unified system would be too large
 - The two systems are working well; no need to change
 - Of those comments in favor of a unified system, the most frequently cited reasons were:
 - Financial and other efficiencies
 - Negative impacts of two systems on real estate values, residential integration, and real estate sales/leases
 - Positive impact on school scheduling for families and employers
- 10 of the 213 respondents who added comments to their surveys felt that the survey itself was biased in favor of a unified system (4.7%)