

Faculty/Administration

In many respects the least well understood of the dimensions of the school which are affected by small student numbers is the faculty. Table 1 identifies existing faculty demographics for each of the two school districts studied. For comparison purposes, 70% of East Central faculty do not have an advanced degree, 55.8% of Northeast's faculty do not hold an advanced degree. Another way of looking at this is East Central has 30% of their faculty with advanced degrees and Northeast has 44% with an advanced degree. East Central also identified two faculty members who have National Board Certification. The average years of service to the district indicates that East Central has the most senior staff with an average of 13.5 years in the district with Northeast having 11.5 years. Another interesting demographic statistic is the student-teacher ratio within the three districts. East Central has a K-12 ratio of 9.8:1, and Northeast has a 13.95:1 ratio. When based on elementary enrollments alone, East Central has a ratio of 9.5:1 and Northeast has a ratio of 14.2:1. The secondary ratio is equally as interesting with East Central 10.1:1 and Northeast 13.7:1.

Summarily, it is clear that each of the district's faculties represent a reasonable mix of experience and inexperience, which gives evidence of professional growth through the completion of graduate hours, and is generally assigned teaching responsibility in appropriate field of study. The downside to all of this however, is related again to student numbers--the issue of the "critical mass."

As student numbers decline and state revenues attached to those numbers fall off, and as state standards become more stringent, the instructional arrangements now in place become even more difficult to maintain. The ability to sustain the current programs rests heavily upon faculty dedication and flexibility, but there are tradeoffs there, as well. The fact that so many of the staff are also actively and heavily involved in the activity program places an additional drain on their

physical as well as psychological energy. It is indeed a credit to the professional attitude of the staffs that they have been willing to shoulder such a burden and have done so with apparent success.

Most teachers within each of the districts evaluated have the added challenge of being the sole member of an academic department. This isolation makes it difficult for teachers to share innovations and frustrations, and to provide one another with emotional and professional support. For those who are shared between districts or employed part-time that problem is intensified. In situations where the main objective of each teacher's day becomes one of individual survival, that is, to face a class or classes of different students, constantly teaching different material, with little opportunity for professional discourse with peers, the quality of the educational program typically suffers.

At a time when there is pressure nationally to increase the emphasis in our educational institutions on excellence of teacher and student performance, questions of quality become crucial. Underlying all such questions is, once more, the issue of adequacy of student numbers; the critical mass required to develop and sustain quality educational experiences for students.

The challenges facing both school districts are similar in many ways to those being faced by similar districts in other parts of the state. The fact that the Board of Directors and administration of East Central and Northeast Community School Districts have commissioned this report reflects willingness on their part to face these challenges and to make difficult decisions. A temptation frequently exists to do what is necessary to maintain the status quo. "Business as usual," however, is not a viable alternative. At present, the opportunity exists for the district and community to exercise some influence over their destiny, to play an active part in shaping the educational system which will serve youth well into the 21st century. One thing seems quite apparent; however, changes in the demographics and political structure in the state

may soon force districts like East Central and Northeast to follow a particular path. By taking the initiative and acting now, the communities in question may have the chance to choose a path for themselves.

**Table 1
Faculty/Administration Status**

Category	East Central	Northeast
Faculty Degree Status		
• B.A.	8	14
• B.A. +	13	15
• M.A.	5	10
• M.A. +	4	13
National Board Certified	2	None Identified
Administrative Years of Experience in District		
• Superintendent	2	18
• MS/HS Principal/Curriculum Director	1	
• Elementary Principal/Curriculum Director	5	12
• MS/HS Principal	1	39
Total Administrative Experience		
• Superintendent	2	35
• MS/HS Principal	13	39
• Elementary Principal/Curriculum Director	5	16
Average Faculty Years of Service in District	13.5	11.5
Average Faculty Years of Service to the Profession	16.5	13.9
Approximate Number of Faculty Excluding Administration and Nurse	30	52
PK-12 School Enrollment	358	728
• Open Enrollment In	11	196
• Open Enrollment Out	43	54
Student-Teacher Ratio Based on Enrollment		
• PK-12	9.8:1	13.95:1
• Elementary	9.5:1	14.2:1
• Secondary	10.1:1	13.7:1

Organizational Structure

The organizational structures of the schools involved in this study are relatively similar with only small differences (See Table 2). The board of education in each district consists of 5 members. Each district has its own superintendent. There is a full-time secondary principal and a full-time elementary principal in Northeast. East Central employs a full-time secondary principal and a Superintendent/Elementary Principal position.

Counseling staff in the districts consist of one full-time K-12 counselor in East Central School District. Northeast has a full-time elementary guidance counselor/alternative school principal. They have a full-time high school guidance counselor/activities director. There is a full-time nurse at Northeast and a part-time nurse at East Central.

At East Central, there is a full-time board/superintendent secretary. There is a full-time middle/high school secretary. There is an elementary secretary at Miles and a ½ time secretary at Sabula. At Northeast there is a full-time superintendent secretary. There are two full-time middle school/high school secretaries. There is one full-time elementary secretary.

At East Central, there is one maintenance director/head custodian for the middle/high school. The elementary custodian is shared between Sabula and Miles. At Northeast there are 3 full-time custodians. There are two full-time custodians at the elementary.

Foodservice: East Central has 6 staff members, one of which is full-time. Northeast has 8 staff members, one of which is full-time.

**Table 2
Organizational Structure**

Category	East Central	Northeast
Superintendent	0.5	1.0
Number of Members on Board of Education	5	5
Certified Central Office Personnel		
• Curriculum Director	.33	.33
• Business Manager	1.0	1.0
• Personnel Director	-	-
• Transportation Director	Shared with Northeast	Yes
• Facility Director	-	-
• Maintenance Director/Head Custodian	Yes	Yes
Middle/High School Principal	Yes	Yes
Elementary Principal	Yes (Part-Time)	Yes
Secretarial Help		
• Board Secretary	Yes	Yes
• Superintendent Secretary	Yes	Yes
• MS/HS Secretary	Yes	Yes
• Elementary Secretary	Yes	Yes
Counselors		
• Secondary	1 (K-12)	Part-Time
• Elementary		Part-Time
Number of Regular Bus Drivers	8	12
Number of Substitute Bus Drivers	2	3
Number of Custodians		
• MS/HS	1	3
• Elementary	1	2
Food Service Personnel	1 Full-Time 5 Part-Time	1 Full-Time 7 Part-Time
Nurse	Yes	Yes

Financial Characteristics and Considerations

Financial characteristics always play a key role in decision-making in school districts: they are particularly important when those districts are considering the feasibility of partnering with other districts in initiatives such as whole grade sharing or reorganization. Additionally, financial information also provides an indication of the level of community support for the education of its students, as well as the community's ability to provide a sound educational environment. Following is a summary of the financial characteristics of the East Central and Northeast School Districts.

The financial positions of school districts in Iowa are commonly judged on their ability to fund their educational programs through their General Fund. Each year every district is given a designation, called their maximum spending authority, which restricts the amount of money they can spend on their respective educational programs. By restricting school districts' spending, the state can assure equity between districts, preventing them from being tempted to outraise and outspend neighboring districts in an effort to attract away students. The maximum spending authority for a district is determined through a combination of three measures: formula-driven revenues, other miscellaneous income, and unused spending authority remaining from the previous fiscal year. Unused spending authority is considered to be the best measure of a district's financial health; in fact, there are laws in the state that require a variety of remissions that a district must undertake if it has a negative unspent balance, up to and including forced dissolution of the district.

According to information that was provided by the district, East Central has recently experienced a sharp decline in unspent balance (almost \$600,000 from FY08 through FY10) but is expected to reverse that decline in FY11 by making sharp cuts in overall expenditures to finish

the fiscal year with an estimated \$462,119 in unspent balance (yet to be confirmed at the time of this writing). If estimates prove to be correct, that would factor out to an unspent balance per pupil of \$1,194, and if the district can maintain or increase their level of unspent balance, the \$450,000 to \$500,000 range is a healthy amount for a district the size of East Central. However, it is important to caution that even an unspent balance in that range does not hedge against another sudden, dramatic decline such as the one described above. According to the estimates provided, East Central is to be commended for taking measures to shore up this very important measure of their financial health.

The Northeast district has been able to rebound from a negative unspent balance over a decade ago (FY98) and is to be applauded for achieving and maintaining a very healthy amount over the last half decade. According to information that the district provided, Northeast finished FY10 with an unspent balance of \$1,158,418; that number is only projected to decrease about \$80,000 in FY11. If these estimates hold to be true, that would factor out to an unspent balance of \$1,968 per pupil at the end of FY11, which would be a reasonably strong indication of financial health for a district with total general fund expenditures in the range of \$6,500,000. It is important to note, however, that expenses are expected to increase at Northeast at the same time that enrollment continues to decrease, but their unspent balance history indicates that once they built up a strong amount of unspent balance, they have made the constant adjustments needed to keep that measure at a strong level.

The budget enrollment of all districts in Iowa is a key factor when determining their financial status. Increasing budget enrollment provides districts with more funding, allowing them the flexibility to better serve their students. Decreasing budget enrollment generally calls for boards and administration to examine factors they can control, such as personnel and

programming costs, to see if expenditures can be reduced. Both East Central and Northeast have experienced declining budget enrollment in the recent past, with East Central losing 11 students in budget enrollment over the last three years, and Northeast losing 20 students in budget enrollment over a similar period of time. Although these are not sharp decreases, if that trajectory of diminishing budget enrollment continues, the ability of each district to invest in its remaining students will also diminish, particularly if the state's legislative and executive branches follow through on indications that allowable growth will be set at very small amounts into the foreseeable future.

In FY11, the East Central district is authorized to expend \$5,883 per pupil per year, whereas the Northeast district is authorized to expend \$6,003 per pupil. The state cost per pupil in FY11 is \$5,883; East Central's district cost per pupil is similar to about half the school districts in Iowa. Some districts, due to an equity formula established by law over three decades ago, are allowed to expend up to 5% more than the state cost per pupil; Northeast is in that category with a \$120 difference, or about 2% above the state cost per pupil. This has been and will continue to equalize over time, but absent a change in the law Northeast can expect to be allowed to expend above the state cost per pupil for many more years. This additional expenditure is completely funded through local taxes as it is not paid through the state's foundation formula.

In simplest terms, multiplying the district cost per pupil and the budget enrollment will provide a number called the regular program district cost. Absent any other factors, this is the maximum amount each district would be allowed by law to expend on its students. According to the numbers provided by each district, in FY11, that amount for East Central was \$2,278,360, and the amount for Northeast was \$3,269,142. Fortunately, districts in Iowa are allowed to add to

their abilities to spend through other measures such as the budget guarantee, supplemental weighting, and miscellaneous income.

Prior to the 2004-2005 school year, school districts in Iowa were allowed to retain a “100% Budget Guarantee,” which meant that the current year’s budget was never required to be less than the prior year’s budget, mitigating the reality of declining enrollment in many districts. However, legislation that was initiated in the 2004-2005 school year required a phase out of this Guarantee. In place of it, an eligible district could receive a scaled adjustment based on the 2004 total regular program district cost or a 101 percent budget adjustment that is based on the previous year’s regular program district cost without any adjustment. According to information provided by each district, as of FY11 both East Central (\$24,423) and Northeast (\$16,877) are on the 101% Budget Guarantee. These amounts, approved by Board resolution, serve as a buffer of sorts to lessen the impact of declining enrollment in both districts.

However, it is unusual for conditions to exist where the 101% Budget Guarantee can be implemented multiple times, and the scale-down portion of the budget adjustment will end by FY14. This adjustment is meant to give districts and boards a short window of time to make adjustments to declining enrollment factors and is not the answer to any kind of long term enrollment decline. It appears both districts are taking advantage of that opportunity, but it is also important to note that this option is not going to be available for much longer absent a change in the laws of Iowa.

As mentioned above, districts can add to their spending authority through measures collectively known as supplemental weighting. These categories of spending are generally formula-driven and include such things as extra funding for dual credit classes, additional weighting for special needs students, teacher salary supplement funds, professional development

and early intervention supplements, and AEA support costs. Boards can choose to add to their spending authority by requesting additional allowable growth from the School Budget Review Committee in categories such as dropout prevention. If boards are granted their requests and choose to raise the revenue in addition to gaining the spending authority, the revenue comes from added property tax in the district. According to their Unspent Authorized Budget Reports, both the East Central Board and the Northeast Board have historically sought to take advantage of available opportunities to improve their spending authority through both formula weighted measures and SBRC requests.

The third and final means that boards have to add to their spending authority is in the area of miscellaneous income. Included in this category is any revenue that comes to a district that is not formula- driven or defined as supplementary weighting. Examples of miscellaneous income include money that is directed to the general fund through federal grants, student fees, and tuition. It is important to remember that any grant money that comes to the district is almost always tied to some kind of mandate for specific use; it is exceedingly rare for a district to be able to utilize grant dollars with full discretion. Recently, the East Central district has experienced a significant decrease in miscellaneous income, partly because teacher salary supplement dollars were diverted by law to the category of supplemental weighting. However, even with that factor accounted for, miscellaneous income dropped almost \$200,000 in two years. On the other hand, when the teacher salary supplement is factored out, the Northeast district has succeeded in raising its miscellaneous income approximately \$100,000 during the same time period. For a district the size of Northeast, they have a very large amount of miscellaneous income, which is a great contributor to their strong financial health.

It is noteworthy that both East Central and Northeast use an Instructional Support Levy (ISL) to provide additional funding to their respective general funds. ISL's can be approved through either board action (up to five years) or voter approval (up to 10 years) and can be no more than 10% of the regular program district cost. This program is partially funded through state aid with the balance funded by either property tax or a combination of property tax and income surtax. East Central generates a little over \$170,000 through its ISL and the district portion is funded through property tax. Northeast generates over \$250,000 through its ISL, but all except about \$8,000 is funded through income surtax, which is a percentage of tax applied on the income tax liability reported on each district patron's Iowa individual income tax form.

In addition to the general fund measures described above, there are other measures that are helpful in determining each district's ability to support its educational program. For example, it is useful to look at the assessed valuation of property to determine the potential dollar investment that each school district has available. In the East Central district, according to information provided, the taxable property assessed valuation for FY11 was \$100,690,236; this reflected a growth of about \$4.6 million in three years. For the Northeast district, the taxable property assessed valuation for FY11 was \$156,599,380, a growth of a little over \$13 million in the past three years with that growth being helped by the ending of some TIF funding.

Perhaps a better comparison tool than the overall assessed valuation is each district's assessed valuation per pupil. This is a reflection of both the pupil enrollment in the district and its relative property wealth. For FY11, according to information provided by the districts, East Central's per pupil net valuation was \$254,912, while Northeast's was \$282,161. When compared with other districts across the state, East Central ranked 223 out of 359 school districts in this measure, whereas Northeast ranked 170. It is worth noting that East Central ranked as

high as 176 as recently as FY09, while Northeast has remained relatively steady over that time period in comparison with other districts.

Property valuations are critical in determining overall tax rates. A district's General Fund tax rate reflects the levy necessary to fund the combined district cost and the optional instructional support and educational levy programs mentioned above. Every district in Iowa that is not within the first three years of consolidation has a uniform levy rate of \$5.40/1000; an additional levy is then used to raise the rest of the tax dollars allowed by formula to fund general fund programming. Over the last three years, both districts' additional levy has dropped; East Central's by about 24 cents/1000 and Northeast's by about 32 cents/1000. However, both districts' overall General Fund tax rate has increased over that same time period; East Central's by about 35 cents/1000 and Northeast's by \$1.63/1000, largely due to a decision by both districts to institute the addition of a Cash Reserve Levy in FY11.

District patrons often do not look at just the General Fund tax rate when considering their contributions to their local schools: instead, they look at the overall tax rate that they are assessed. Whereas the General Fund rate makes up a large percentage of the total tax rate, there are other taxes that can be assessed by school districts to help fund other initiatives such as facilities work in an effort to keep general fund dollars focused on educational programming. In consideration of legal parameters, boards have some discretion and flexibility with these programs and taxes which allow them to manipulate a total tax rate that honors the wishes of the patrons of their communities in regards to educational program and their contributions toward it.

For example, districts often use a Management Levy to fund their property insurance assessment and early retirement incentives. East Central's management levy has increased from less than 50 cents/1000 to about \$1/1000 over the last three years, whereas Northeast's

management levy has gone down about 8 cents/1000 over the same time period. Boards can also approve a Physical Plant and Equipment Levy of up to 33 cents/1000 to help with facilities repair and replacement as well as with purchases of large equipment and technology. According to information provided by both districts, both had this in place until FY11 when it was dropped by East Central. With voter approval, districts can extend the PPEL tax beyond the 33 cents/1000, but neither district is choosing to do that as of this writing. Boards can also ask voters to approve the sale of bonds and incur debt service for use of major renovation and/or construction. East Central does not have any debt service at this time; the assessment of debt service for the patrons of the Northeast district was \$2.10/1000 in FY11.

All of these additional assessments, along with the General Fund tax rate described above, add up to each district's total tax rate. In FY11, East Central's total tax rate was \$14.05/1000, an increase of about 54 cents/1000 over the last three years. This generated \$1,414,347 in total taxes for the district and ranked them 240 out of 359 districts in the state. Also in FY11, Northeast's total tax rate was \$14.96/1000, an increase of more than \$1.35/1000 over the last three years. This generated \$2,342,906 in total taxes for the district and ranked them 176 in the state.

Table 3
East Central Community School District Three Year Financial Overview

Category	FY09	FY10	FY11
Regular Program Budget Information			
Budget Enrollment	398	395	387
Regular Program Budget W Guarantee	2,123,601.00	2,278,360.00	2,301,144
Change in Regular Program	73,401	133,523	22,784
Percent Change	3.60%	6.20%	1%
Budget Guarantee Amount	0	0	24,423
Tax Rate Information			
Uniform Levy	5.4	5.4	5.4
Additional Levy	4.6297	4.4208	4.3908
SBRC Cash Reserve Levy	1	0.6426	0.4406
Regular Cash Reserve Levy	0	0	1.1471
ISL Property Tax Rate	1.7051	1.7047	1.7047
Use of Fund Balance to Reduce Levy	0	0	0
Total General Fund Rate	12.7348	12.1682	13.0832
Management Levy	0.4301	1	0.9634
Voted PPEL	0	0	0
Regular PPEL	0.33	0.33	0
Debt Service	0	0	0
Total Non-General Fund Rate	0.7601	1.33	0.9634
Total Property Tax Rate - All Funds	13.4949	13.4982	14.0465
Tax Levy Information (Dollar Amounts)			
General Fund Levy without ISL	1,058,882	1,052,899	1,145,705
ISL Property Tax Levy	163,694	171,538	171,642
Management	41,290	100,626	97,000
Voted PPEL	0	0	0
Regular PPEL	31,681	33,207	0
Debt Service	0	0	0
Total Dollars	1,295,547	1,358,270	1,414,347

Table 3
East Central Community School District Three Year Financial Overview Continued

Income Surtax Information			
ISL Income Surtax	0	0	0
PPEL Income Surtax	0	0	0
Valuation and TIF			
Total Taxable Valuation	96,002,648	100,626,201	100,690,236
TIF Valuation	0	0	0
Total Valuation	96,002,648	100,626,201	100,690,236
TIF Valuation as % of Total Valuation	0%	0%	0%
Per Pupil Measures			
Per Pupil Net Valuation	251,579	254,750	254,912
Per Pupil TIF Valuation	0	0	0
Per Pupil Property Taxes	3,177	387	387
Per Pupil GF Property Taxes W/O ISL	2,597	3,439	3,655
State Cost Per Pupil	5,546	5,768	5,883
District Cost Per Pupil	5,546	5,768	5,883
Unspent Balance			
Unspent Balance	587,348	388,697	462,119 (est.)
Per Pupil Unspent Balance			
Miscellaneous			
General Fund Expenditures	4,073,778	4,059,907	3,790,623
% Expenditures of GF Authorized Budget			
GF Expenditures Increase over Prior Year	285,683	-13,871	-269,284
State Formula New Money	0	0	0
Solvency Ratio	0.90%	-10.14%	

Table 4
Northeast Community School District Three Year Financial Overview

Category	FY09	FY10	FY11
Regular Program Budget Information			
Budget Enrollment	567	555	547
Regular Program Budget W Guarantee	3,213,755.00	3,269,142.00	3,300,518
Change in Regular Program		26,717	31,376
Percent Change		0.80%	1%
Budget Guarantee Amount	28,670	1,302	16,877
Tax Rate Information			
Uniform Levy	5.4	5.4	5.4
Additional Levy	4.7712	4.5751	4.4461
SBRC Cash Reserve Levy	0	0	1.1962
Regular Cash Reserve Levy	0	1.0749	0.9579
ISL Property Tax Rate	0.254	0.123	0.0512
Use of Fund Balance to Reduce Levy	0	0	0
Total General Fund Rate	10.4252	11.173	12.0514
Management Levy	0.5579	0.599	0.4789
Voted PPEL	0	0	0
Regular PPEL	0.33	0.33	0.33
Debt Service	2.2898	1.7078	2.1008
Total Non-General Fund Rate	3.1777	2.6367	2.9097
Total Property Tax Rate - All Funds	13.6029	13.8097	14.9612
Tax Levy Information (Dollar Amounts)			
General Fund Levy without ISL	1,458,490	1,660,373	1,879,229
ISL Property Tax Levy	36,422	18,488	8,014
Management	79,999	90,000	75,000
Voted PPEL	0	0	0
Regular PPEL	47,490	49,707	51,678
Debt Service	329,523	257,235	328,985
Total Dollars	1,951,924	2,075,803	2,342,906

Table 4
Northeast Community School District Three Year Financial Overview Continued

Income Surtax Information			
ISL Income Surtax	211,429	232,418	245,829
PPEL Income Surtax	0	0	0
Valuation and TIF			
Total Taxable Valuation	143,393,932	150,260,098	156,599,380
TIF Valuation	515,000	367,770	0
Total Valuation	143,908,932	150,627,868	156,599,380
TIF Valuation as % of Total Valuation	0.36%	0.24%	0%
Per Pupil Measures			
Per Pupil Net Valuation	252,810	270,739	282,161
Per Pupil TIF Valuation	908	663	0
Per Pupil Property Taxes	3,090	547	547
Per Pupil GF Property Taxes W/O ISL	2,309	3,740	4,283
State Cost Per Pupil	5,546	5,768	5,883
District Cost Per Pupil		5,888	6,003
Unspent Balance			
Unspent Balance	1,122,178	1,158,418	1,076,528 (est.)
Per Pupil Unspent Balance	1,979	2,087	1,968
Miscellaneous			
General Fund Expenditures	6,446,201	6,462,438	6,500,000 (est.)
% Expenditures of GF Authorized Budget	85%	84%	86%
GF Expenditures Increase over Prior Year	486,407	16,237	37,562 (est.)
State Formula New Money			
Solvency Ratio	16.23%	15%	14% (est.)

Table 5
Combined Financial Summary

Category	East Central FY10	Northeast FY10
Regular Program Budget Information		
Budget Enrollment	395	555
Regular Program Budget W Guarantee	2,278,360	3,269,142
Change in Regular Program	133,523	26,717
Percent Change	6.20%	0.80%
Budget Guarantee Amount	0	1,302
Tax Rate Information		
Uniform Levy	5.4	5.4
Additional Levy	4.4208	4.5751
SBRC Cash Reserve Levy	0.6426	0
Regular Cash Reserve Levy	0	1.0749
ISL Property Tax Rate	1.7047	0.123
Use of Fund Balance to Reduce Levy	0	0
Total General Fund Rate	12.1682	11.173
Management Levy	1	0.599
Voted PPEL	0	0
Regular PPEL	0.33	0.33
Debt Service	0	1.7078
Total Non-General Fund Rate	1.33	2.6367
Total Property Tax Rate - All Funds	13.4982	13.8097
Tax Levy Information (Dollar Amounts)		
General Fund Levy without ISL	1,052,899	1,660,373
ISL Property Tax Levy	171,538	18,488
Management	100,626	90,000
Voted PPEL	0	0
Regular PPEL	33,207	49,707
Debt Service	0	257,235
Total Dollars	1,358,270	2,075,803

Table 5
 Combined Financial Summary
 Continued

Income Surtax Information		
ISL Income Surtax	0	232,418
PPEL Income Surtax	0	0
Valuation and TIF		
Total Taxable Valuation	100,626,201	150,260,098
TIF Valuation	0	367,770
Total Valuation	100,626,201	150,627,868
TIF Valuation as % of Total Valuation	0%	0.24%
Per Pupil Measures		
Per Pupil Net Valuation	254,750	270,739
Per Pupil TIF Valuation	0	663
Per Pupil Property Taxes	387	547
Per Pupil GF Property Taxes W/O ISL	3,439	3,740
State Cost Per Pupil	5,768	5,768
District Cost Per Pupil	5,768	5,888
Unspent Balance		
Unspent Balance	388,697	1,158,418
Per Pupil Unspent Balance	984	2,087
Miscellaneous		
General Fund Expenditures	4,059,907	6,462,438
% Expenditures of GF Authorized Budget	91%	84%
GF Expenditures Increase over Prior Year	-13,871	16,237
State Formula New Money	0	26,617
Solvency Ratio	-10.14%	15%

Table 6
Reported by PiperJaffrey as of April 2011

Summary of Bonding Capacity Estimates

Northeast Community School District & East Central Community School District

Voted General Obligation (G.O.) Bond Capacity

East Central CSD @ \$2.70 Levy	\$3,710,000
East Central CSD @ \$4.05 Levy	\$5,585,000
Northeast CSD @ \$3.80*Levy	\$6,675,000
Northeast CSD @ \$4.05 Levy	\$7,605,000
Combined CSD @\$2.70 Levy	\$8,640,000
Combined CSD @\$4.05 Levy	\$13,460,000

Approval of a G.O. Bond requires a local election with 60% voter approval.

Although the Northeast CSD voters have previously approved exceeding the \$2.70 levy limit up to \$3.80 this authority would be lost in a consolidated district. Any authority to exceed \$2.70 would again have to be put before voters of the consolidated district with a **SECOND BOND BALLOT QUESTION**, also requiring 60% approval. This referendum could not be held at the same time a consolidation question is put before the voters.

*Northeast CSD voters have previously approved exceeding the \$2.70 levy up to \$3.80 (but not to the maximum \$4.05.) To issue bonds up to \$4.05 at Northeast CSD voters of an independent Northeast district would again have to approve a second ballot question with 60% approval to exceed the previously approved \$3.80 levy and go up to \$4.05.

General Obligation Capital Loan Note (PPEL) Capacity

Neither district currently has a voted PPEL. The estimates shown below assume that a district-wide vote were held, receiving 50% voter approval, to implement a voter-approved PPEL levy for a maximum 10-year period...and that the entire levy were collected from property taxes (none from income surtax.)

East Central CSD @\$0.67 Levy	\$ 575,000
East Central CSD @ \$1.34 Levy	\$1,190,000
Northeast CSD @ \$0.67 Levy	\$ 925,000
Northeast CSD @ \$1.34 Levy	\$1,840,000
Combined CSD @ \$0.67 Levy	\$1,530,000
Combined CSD @ \$1.34 Levy	\$3,040,000

A ballot question to implement a voter-approved PPEL levy (from which the District can borrow from as described above) CAN be added to the same ballot that a consolidation question is posed.

Sales Tax Bond Capacity

Northeast CSD has previously issued Sales Tax Bonds (QSCB) for projects and has a significant annual payment for that debt. The estimates below for Northeast CSD assume that an additional bonds test (ABT) of 1.25x was established at the time the QSCB bonds were issued and that that requirement must be met with any added bonds. Northeast CSD has also previously informed us of some general spending requirements they may want to reserve sales tax funds for on an annual basis and those assumptions are factored into #3 below. If, instead, Northeast CSD were to ignore those large annual estimated needs and borrow “to the maximum” you see this result as #2 below. East Central CSD also has issued some small debts against the sales tax (Playground issues) but those would be paid off by the time this new debt is assumed to be issued in 2012, and therefore there would be no prior ABT restricting the new issuance of debt and they could issue to what is now considered by most to be the “maximum” at a 1.20x coverage test. ALL THREE estimates assume that the extended Revenue Purpose Statement for sales tax has been voted and is in place by each individual district, or the combined district. Generally, for a combined debt capacity you could add #1 + #2 or #1 + #3, although with sales tax it would be more important to know all of the “other obligations” the combined district may want to fund from sales tax for transportation, technology and maintenance before trying to calculate a more accurate bonding capacity. The estimates below reflect the NET amount for projects, after an assumed Reserve Fund is established, etc.

1. East Central CSD @ Maximum 1.20x coverage	\$2,480,000 with \$75,000 available annually for generic “other needs”
2. Northeast CSD @ Maximum 1.25x coverage (with QSCB issued)	\$2,085,000 with \$155,000 available annually for generic “other needs”
3. Northeast CSD @ Maximum to allow for “other needs” planned	\$1,180,000 with \$175,000-\$205,000 available annually for “other needs”

ALL ESTIMATES REFLECTED HERE HAVE BEEN MADE USING CERTAIN ASSUMPTIONS ABOUT INTEREST RATES, TIMING OF DEBT ISSUANCES, PROPERTY VALUES, PRIOR DEBT DETAILS, ENROLLMENT CHANGES AND STATEWIDE SALES TAX REVENUE CHANGES. ANY ACTUAL DIFFERENCES IN THESE ASSUMPTIONS MAY RESULT IN MATERIALLY DIFFERENT BONDING CAPACITIES FOR ANY OF THE SCENARIOS PRESENTED. THIS INFORMATION SHOULD NOT BE USED TO PRESENT CAPACITIES TO AN ARCHITECT OR ENGINEER, BUT INSTEAD SHOULD BE UPDATED WITH MORE EXACTING DETAIL ONCE A POTENTIAL BONDING SCENARIO IS PURSUED BY EITHER DISTRICT OR THE HYPOTHETICAL COMBINED DISTRICT.

District Enrollment Projections

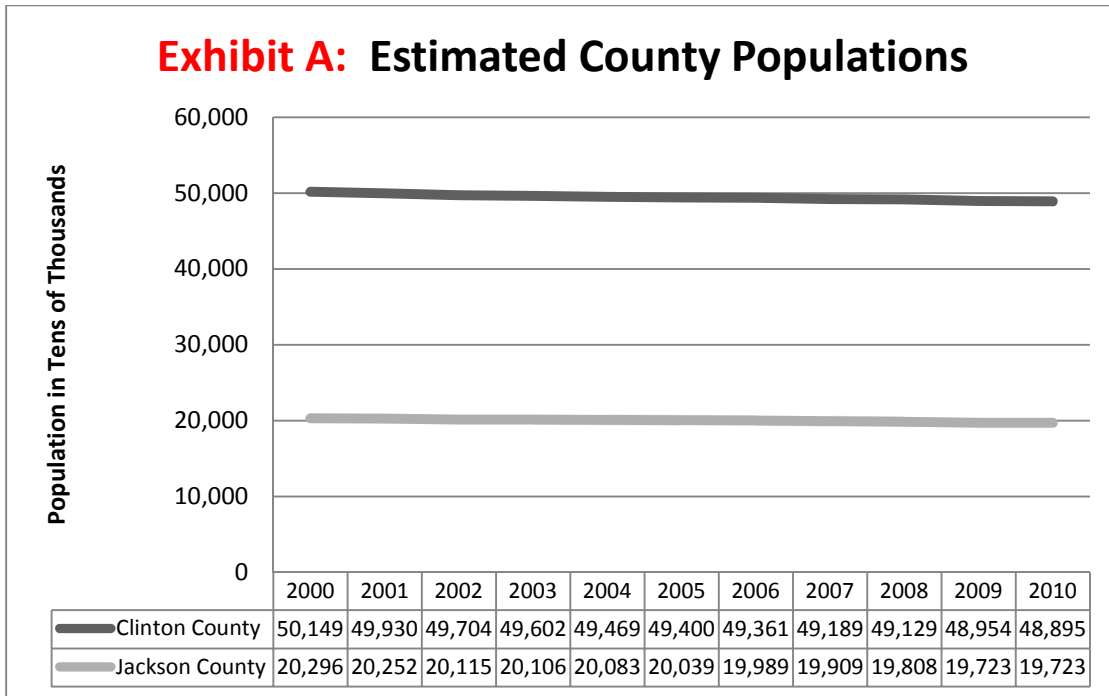
The actual enrollment data and enrollment projections used in the projections are generated by the Iowa Department of Education and the consultants.

Introduction:

No single factor can determine the future of a school district more than student enrollment. The entire budgeting process depends upon the number of students enrolled for the previous school year. Facilities that are appropriate for one size of student body may be too crowded and dangerous for larger enrollments. Schools must anticipate changes in enrollment so that preparations can be made to serve students in the best and most efficient manner possible.

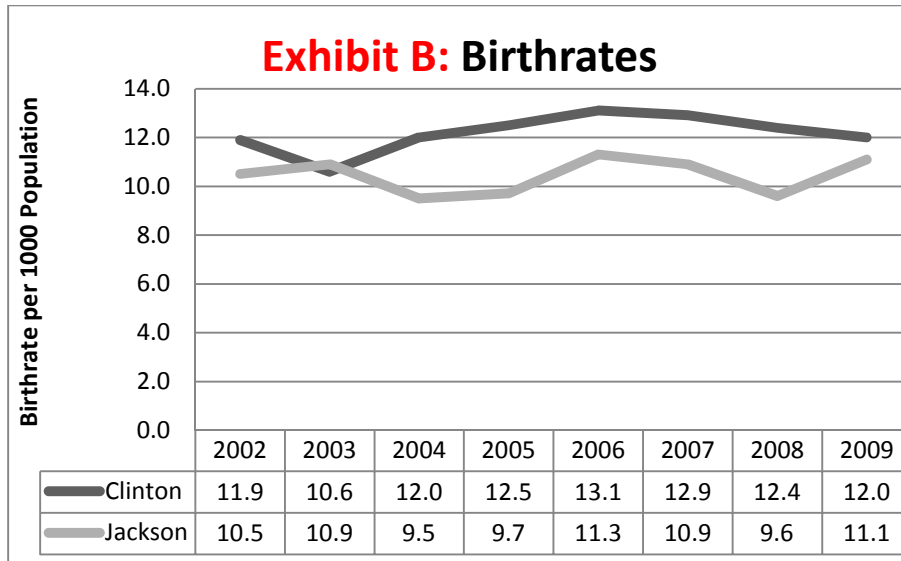
Clinton and Jackson County Population

The populations of Clinton and Jackson County are shown in Exhibit A. The population in Clinton County, shown in the dark line, is around 50,000 and the population of Jackson County, shown in the gray line, is approximately 20,000. Clinton County is 2.5 times the population of Jackson County. Both counties have experienced a slight population decline. A combined population of the geographic area would in 2010 be approximately 68,618.

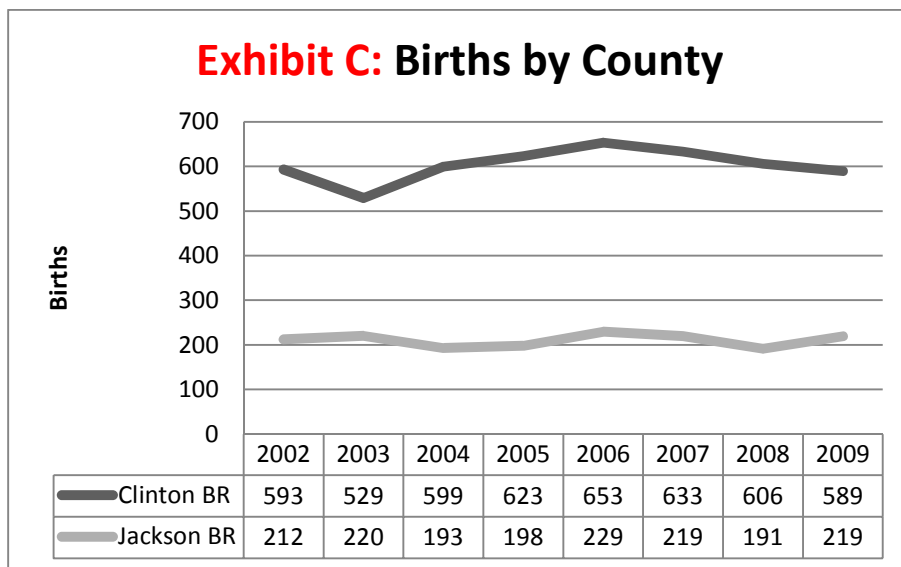


Birthrate and Births in Clinton and Jackson Counties:

The birthrate in any geographical area impacts the kindergarten enrollments of schools. Children born in any given year enroll in school five years later. Birthrate, therefore, becomes an important factor when considering future school enrollment. Exhibit B shows birthrate data from the Iowa Department of Public Health from 2002 – 2009 for Clinton and Jackson counties. Exhibit C shows actual births numbers for each county.



As shown in Exhibit B, the birthrate in Clinton County is shown as the darker line. Using a trend line analysis, Clinton County’s birth rate is on the rise over the years shown despite falling data from 2007-2009. The rate varies from a low of 10.6 – 13.1. The overall birthrate for Jackson County, shown as the gray line, does not appear to be rising or falling despite fluctuations. The rate varies from 9.5 – 11.3.



Clinton and Jackson Birthrates as a Factor in Kindergarten Enrollment

Over the last 4 years, the Kindergarten class in East Central has ranged from a low of 8.0% of the total kindergarten population born in Jackson County to a high of 13.6%. Numbers of students ranged from 17 to 30.

Percent of Births in Jackson County that later attended Kindergarten at East Central				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Born in Jackson County	8.0%	13.6%	13.5%	12.1%
Attended Kindergarten	17	30	26	24

Over the last 4 years, the Kindergarten class in Northeast has ranged from a low of 7.0% of the total kindergarten population born in Clinton County to a high of 9.8%. Numbers of students ranged from 42 to 54.

Percent of Births in Clinton County that later attended Kindergarten at Northeast				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Born in Clinton County	9.1%	9.8%	7.0%	7.5%
Attended Kindergarten	54	52	42	47

Over the last 4 years, the Kindergarten classes in East Central and Northeast have ranged from a low of 8.6% of the total kindergarten population born in Jackson and Clinton Counties to a high of 10.9%. This rate is relatively stable and would be an indication that future enrollments could be projected with relative accuracy into the future. Numbers of students ranged from 68 to 82.

Percent of Births in Jackson and Clinton Counties that later attended Kindergarten in East Central and Northeast School Districts

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Born in Counties	8.8%	10.9%	8.6%	8.6%
Attended Kindergarten	71	82	68	71

The consultants have calculated that an average of 9.3% of children born in Clinton and Jackson Counties would attend the East Central and Northeast School districts. Using the existing birth rates for 2006 through 2009 the following estimated kindergarten attendance rates for 2011-2014 were determined. These rates are very close to the Iowa Department of Education (DE) estimated projections which are shown below.

Estimated Kindergarten Enrollment in the Proposed East Central and Northeast School District Based on 9.3% of students born in Jackson and Clinton Counties

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Born in Counties	9.3%	9.3%	9.3%	9.3%
Study Estimated Kindergarten	82	79	74	75
DE Estimated Projection	78	83	81	75

Consideration of Open Enrollment In and Out

East Central	2006	2007	2008	2009	2010
Open Enrollment In	14	14	13	13	11
Open Enrollment Out	30	36	40	40	41
Impact	-16	-12	-27	-27	-30
OE Percent of Enrollment	-4.2%	-3.3%	-7.1%	-7.2%	-8.3%

A significant proportion of East Central students are open enrolled. The rate of open enrollment-out has been increasing steadily over the period shown. The smallest number of open enrollment-out students was in 2006 and the largest number, 41 students, was in the 2010-2011 school year. This is a 37 percent increase of open enrollment-out since 2006. The overall

impact of open enrollment-out has increased by 87.5%. In comparison, open enrollment-into the district has remained relatively steady over the past five years but is dropping. Open enrollment has reduced East Central's student numbers by over 8 percent.

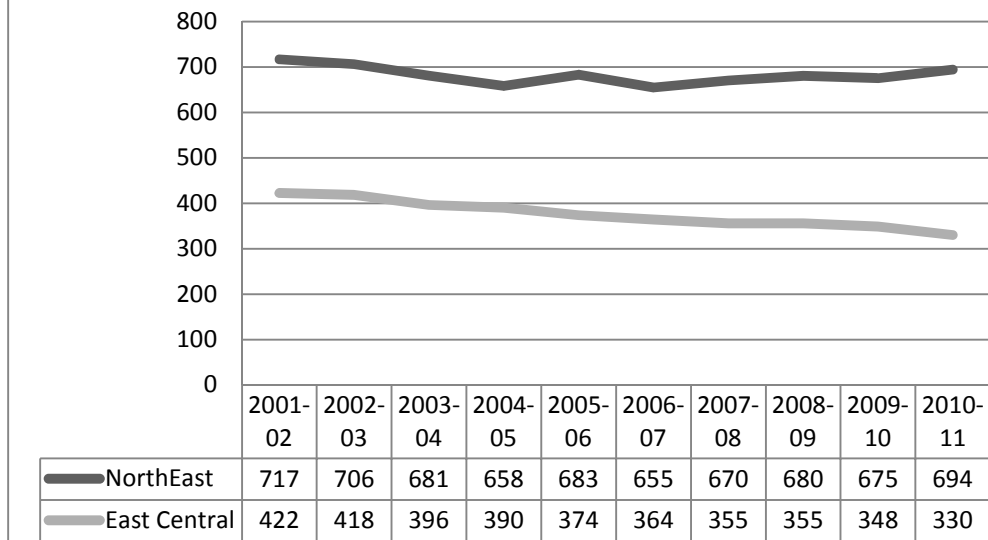
Northeast	2006	2007	2008	2009	2010
Open Enrollment In	135	156	173	181	196
Open Enrollment Out	57	58	48	49	54
Impact	+78	+98	+125	+132	+142
OE Percent of Enrollment	11.9%	14.6%	18.4%	19.6%	20.5%

A significant proportion of Northeast students are open enrolled. The rate of open enrollment-in has been increasing steadily over the period shown. The smallest number of open enrollment-in students was in 2006 and the largest number, 196 students, was in the 2010-2011 school year. This is a 45 percent increase of open enrollment-in since 2006. The overall impact of open enrollment has increased by 82%. In comparison, open enrollment-out of the district has remained relatively steady over the past five years. Open enrollment has increased Northeast's student number by over 20 percent.

School District Enrollments

In this section of the report enrollment charts are relevant to the study. The data is provided from the Iowa Department of Education (Appendix 1). Exhibit D depicts enrollment data from both East Central and Northeast Community School Districts from 2001-2011.

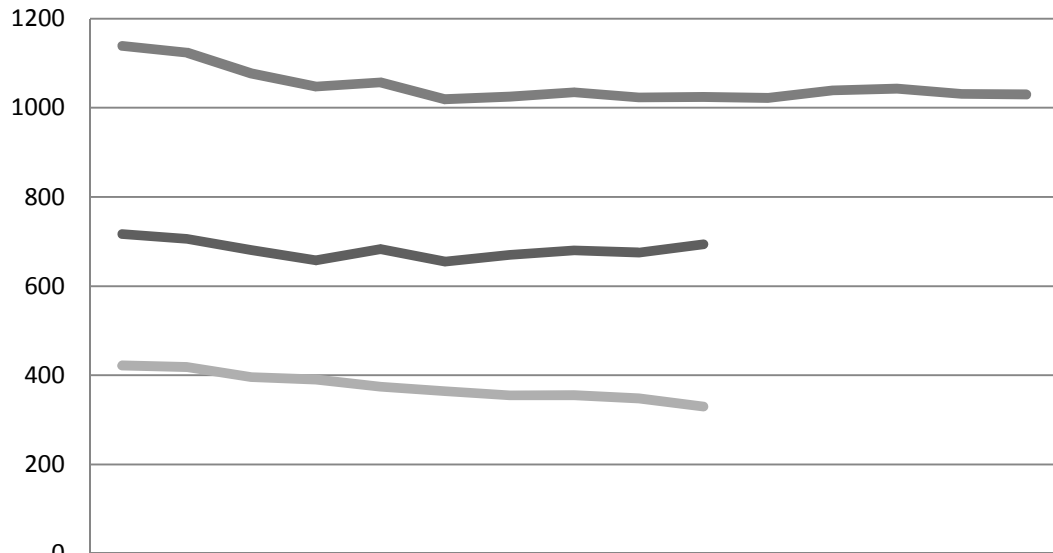
Exhibit D: Enrollment 2010 - 2011



East Central, shown in gray, has lost enrollment 8 out of the last 9 school years. Between 2007-08 and 2008-09 enrollment remained the same at 355 students. The total loss of 92 students over the school years shown is a 22% loss since 2001.

Northeast, shown in black, initially lost enrollment of 62 students during the years 2001 – 2006 but has since gained enrollment, reducing the loss in students to only 23 over the same time frame. The total loss of 23 students over the school years shown is only a 3% loss of students since 2001.

Exhibit E: Enrollment 2001 - 2011 and Estimated 2011-2016 Combined



	2001 -02	2002 -03	2003 -04	2004 -05	2005 -06	2006 -07	2007 -08	2008 -09	2009 -10	2010 -11	est 2011 -12	est 2012 -13	est 2013 -14	est 2014 -15	est 2015 -16
NorthEast	717	706	681	658	683	655	670	680	675	694					
East Central	422	418	396	390	374	364	355	355	348	330					
Combined	1,139	1,124	1,077	1,048	1,057	1,019	1,025	1,035	1,023	1,024	1,022	1,039	1,043	1,031	1,030

Overall student enrollment numbers, shown in Exhibit E, represent both districts and a combined school district. The top line in the exhibit continues into the 2011-2016 school years as an estimate by the Department of Education. The combined district estimated enrollment ranges from a base number of 1,022 in 2011-2012 to a high of 1,030 in 2015-16. An increase of 17-21 students is estimated to occur between the years of 2012-2014. A slight decrease is estimated to occur from 2013-2015 of 12 students. The overall, enrollment projection appears to be steady with the combined districts five years into the future.

Summary of Enrollment Projections

The enrollment projections offered in this report serve three purposes. First, is to give individual districts an outside glimpse of enrollment possibilities over the next five years. Second, the projections, because they use similar formulas and formats, allow the reader to make comparisons as to each district's individual enrollment performance. Because reorganization is the focus of this study, the third purpose is to demonstrate a combined district enrollment projection that portrays enrollment for the two school districts as if they were a single unit.

East Central is projected to lose students over the next five years. Northeast Community School District, after losing students over the past decade, is projected to again gain students over the next five years. A reorganized East Central and Northeast school district is projected to have steady enrollment.

Enrollment projections cannot account for all of the factors that influence school enrollment. Outside factors such as economic growth, new housing, and quality of life are perhaps more important when considering the future of a school district. Enrollment can react dramatically and quickly to such changes. Should such factors impact Clinton and/or Jackson Counties during the near future, the enrollment projections may need to take on new scenarios and projections.

Analysis of Educational Program

Curriculum:

The heart of every school's operation is its curriculum, its educational program. Everything the school does can eventually be traced back to the curriculum, the plan for learning which the school has developed. A school facility is essentially designed to house the curriculum; good facilities enhance the curriculum. A school's staff and administration deliver it effectively. Transportation and budget considerations make it possible to bring together students and the curriculum.

This section of the report deals with the quality of curriculum at the East Central and Northeast Schools in 2009-2010 school year. Based on this data, the consultants believe it was appropriate for East Central and Northeast to elevate curriculum to the very top of their list of factors to be considered in their decision to begin whole grade sharing between school districts starting in 2011-2012. Nothing else matters as much as the quality of the educational program.

Graduation Requirements:

East Central required 50 total semester credits for graduation which included 24 required credits. Specific requirements were as follows: English 6, Mathematics 6, Social Studies 6, Science 6, and Physical Education 4. Twenty-six electives completed the graduation requirements.

Northeast required a total of 48 semester credits for graduation which included 30 required credits. Specific requirements were as follows: English 8 semesters, Government 1, Economics 1, History 4, Science 6, Mathematics 6, Physical Education 2, Health 1 and C.O.R.E 1. Eighteen electives completed the graduation requirements.

Both districts seem to strive for balance, the need for a "core" experience for all students with the need to permit individuals to select certain other courses which are responsive to their needs, interests and abilities. We favor the balance of required to elective courses.

Student Numbers:

In the final analysis, the challenges which confronted each of the districts are either directly or indirectly related to the matter of student numbers. Simply put, the small student body size in both districts touched nearly every aspect of the district's operation, especially in grades 9 through 12. It is there that lack of student numbers presented the greatest problems for the educational program.

Curriculum Comprehensiveness:

Unquestionably the greatest single strength of any curriculum is its comprehensive and varied nature. All districts are required to "offer and teach" certain types and number of courses, although each district selects its own local curriculum. High school grades 9-12 must offer at a minimum six units of language arts, five units of social studies, six units of math, five units of science, one unit of health, one unit of physical education, three units of fine arts, four units of foreign language, and 12 units of vocational education.

Currently, the state does not designate a minimum number of courses needed to graduate, but does require that students take US History, Iowa government, and physical education in order to graduate. Both districts appeared to meet the Iowa Department of Education standards (see Table 10) which require 43 units to be offered and taught.

Course Offerings:

During the 2009-2010 school year, the 9-12 high school at East Central offered 66 courses, exclusive of physical education, health, and music. Of those 66 courses, only 22 (33.2%) were offered exclusively at East Central High School. A total of 33 (50%) of East Central's 66 courses were offered at Northeast. Twelve (18.2%) of East Central's 66 courses enrolled 10 or fewer students. More classes at East Central would have suffered from low student numbers if East Central had not offered Northeast classes. Northeast offered a total of 64 courses. Three Northeast courses were offered through Clinton Community College (CCC).

It is certainly to the credit of both districts that they have sought to provide a comprehensive and diversified educational program for their students. East Central had accomplished this through collaboration primarily with Northeast. This has been at a cost for students requiring additional transportation time that carved into instructional time. Arriving late meant that students had to walk into shared classes after they had started and also meant they had to leave before the official end of class. The result was a lost sense of school community and a reduced sense of belonging across multiple school settings for the students and a unique and challenging variable for the instructors.

There were also tradeoffs which represented in effect, the price paid to establish comprehensive academic programs. One of the most obvious of these dealt directly with course enrollments. With small course enrollments, the opportunity for meaningful intellectual discourse and interchange was often seriously impaired. Even the most skilled teacher would find it virtually impossible to generate significant intellectual discourse and particularly when many of these students are together with one another in class after class. Classes of 6-10 students present many of those same challenges. Such small numbers also, of course, made it

difficult for youngsters (of all ability levels) to gain a realistic sense of how they must proceed to compete with other students in higher education institutions and in the larger community where they will live their adult lives.

Such numbers created hardships not only within the instructional sphere but also raised profound questions of cost effectiveness as well. As student numbers (and the revenues which are based on them) continue to decline and fixed instructional costs continue to rise, cost effectiveness pressures intensified.

Table 7
2009-2010 Course Offerings

Subject Areas (credits required)	<u>East Central</u>		<u>Northeast</u>	
	credits offered	<i>enrollments</i>	credits offered	<i>enrollments</i>
English/Language Arts (6)	6 credits		8 credits	
English 9 (+Alt)		29 (2@NE)		61
English 10 (+Alt)		28 (2@NE)		53
English 11		38		
American Writings (11 th grade)		1@NE		51
Alt English III (11 th grade)				6
English 12		22		
World Lit		1@NE		51
Alt English IV (12 th grade)				5
Practical Communication		7@other		
Media I				13
Media II				8
Assisted Reading				10
Social Studies (5)	6 credits		6 credits	
World History (+Alt)		28 (1@other)		55
Contemporary World Problems		(3@NE)		6
World Cultures		(2@NE)		
American History (+Alt)		39 (1@NE)		48
African American Studies		18		
American Sports History		16		
American Government		29 (1@other)		
Alt Government				8
Intro to Law (+Alt)		2@NE		13
Consumer Law				
Economics/Govt. (+Alt)				55
Psychology		5@NE		28
Mathematics (6)	7 credits		6.5 credits	
Algebra I		21 (8@NE)		46
Algebra II		23 (2@NE)		52
Geometry (+Alt)		6 (15@NE)		52
Pre-Calculus		4@NE		31
Calculus		2@NE		9
Alt Math				4
Pre-Algebra (+Alt)				18
Consumer Math		12		
Integrated Math		15		

Science (5)	8 credits	6.5 credits	
Biology (+Alt)	18(6@NE)		56
Anatomy & Physiology	4@NE		32
Physiology	1@other		
Chemistry	25@NE		44
	+ 2@other		
Advanced Chemistry	3@NE		34
Physics	3@NE		9
Physical Science (+Alt)	30		64
Life Science	8		
Applied Biology III	12		
Applied Biology IV	17		
Environmental Science (+Alt)			13
Health (1) *	1 credit	1 credit	
Alternative Health & Health	2@NE		59
Health	2@other		
Health II			18
Physical Education (1)	1 credit	.5 credit	
Alt PE, PE 9-10, PE 11-12		.5	247
PE	105		
	3@NE		
PE II	22		
Fine Arts (3)	8 credits	5 credits	
General Band	56		25
Chorus	105		32
Art	1@NE		28
	21@other		
Art 1A & 1B	27		
Art 2A & 2B	15		
Art 3A	10		
Art 4A & 4B	5		
Pottery I	2 @NE		6
Ceramics/Pottery II			3
Industrial Arts	4		
Paint and Draw	4@NE		6
Draw/Paint II			3
Adv. Art Portfolio			2

Foreign Language (4)	6 credits	4 credits
Spanish I	10@NE	53
Spanish II	4@NE	35
Spanish III		35
Spanish IV		42
German I	13	
German II	15	
German III	5	
German IV	7	
Vocational Education (12) *	16.5 credits	18.79 credits
Accounting I	3	7@CCC
Accounting II		3
Advanced Animal Science		9
Agribusiness Management		10
Agriculture, Introduction	3 @other	
Agricultural Decision-Making		9
Agricultural Occupations		10
Agricultural Science I @NE	3 @NE	16
Agricultural Science II		14
Animal Science	2 @other	
AOEE (Agricultural Occupational Employment Experience)	1 @other	
Business, Intro @NE	3 @NE	9
Business Principles / Management		5
C.O.R.E. (+Alt) @NE	9 @NE	46
Child Development @NE	4 (2@NE)	15
Clothing Decisions and Construction	5	
Computer Applications		36
Computer Applications II @NE	2 @NE/CCC	42@CCC
Desktop Publications/Publishing	5	1
Drafting, General		17
Drafting II		3
Electricity I@NE	2@NE	11
Electricity II@NE	1@NE	7
Family Wellness	3@other	
Foods I@NE	1@NE	44
Foods II		23
Food Production I		8
Food Production II		5
Horticulture I@NE	1@NE	12
Landscape Designs	2@other	
Living Skills	6	
Marketing	3	5
Office Applications	12	
Publications I / II	8	

Personal Finance @NE	2@NE	9
Principals of Technology I		4
Principals of Technology II		7
Web Page Design		4
Welding @NE	4 @NE	17
Welding @CCC	6 @CCC	2 @CCC
Wildlife	2 @other	
World of Work	13	
Woodworking I @NE	9@NE	19

The Choice to Share

In the explanation above, the information indicated that East Central had appropriately made decisions over the past several years that allowed students to continue to receive a varied and quality program through partnerships with other districts and providers. Northeast maintained and likely developed new strengths in their program through collaborative efforts.

The choice to share secondary schools of the East Central and Northeast school districts appears to have been based in the reality that East Central was no longer able to offer a comprehensive high school program without out-of-district assistance. Northeast has reached out as the primary educational partner to the East Central students in their quest for comprehensive high school opportunities. The consultants concur with the whole grade sharing agreement between East Central and Northeast, as we believe; it is in the best interest in helping students to enhance a valued and comprehensive high school experience in both districts.

Student Achievement:

The consultants reviewed the student achievement data relevant to both the East Central and the Northeast school districts. Under NCLB, public school districts and public schools must report the academic progress of all students in grades 3 to 8 and 11 and students by subgroups and their test participation rates in the subject areas of reading and mathematics. Public elementary and middle school average daily attendance (ADA) rates and public high school

graduation rates are the additional indicators for public school districts. Both the East Central and Northeast school districts were found to be making Adequate Yearly Progress (AYP) according to NCLB. (Exception Sabula MS on 09-10 watch list) Neither school district has been identified as a District in Need of Assistance (DINA) nor has any no school within either system been identified as a School In Need of Assistance (SINA).

The Athletic and Activity Programs

Both East Central and Northeast basically support their own athletic programs. Both programs have athletic/activities directors assigned the task of administration. East Central and Northeast's athletic/activities directors are in charge of both high school and junior high athletics. Policies and procedures specific for the athletic/activities program are identified in the Northeast Athletic/Activities Handbook. East Central policies and procedures were not as comprehensive but were reported in the East Central Student Handbook.

Some of the same student-number problems which confront the academic programs also are present in the athletic and activity programs. It appears at the present time that most of the major activities attract enough students to keep them alive. Though this may appear healthy on the surface, the increased advantages of a combined district must not be overlooked.

Football at East Central involves 26 boys which represent 25% of the high school male population. The Northeast team has 45 players which represent 38% of the male high school population. A combined team from both schools would benefit students through the creation of both a junior varsity and a varsity team. Presently, East Central participates in 8 man football at the junior high and high school levels. With the creation of the combined East Central and Northeast programs, students would be able to compete in 11 man football and at a higher level of competition. With increased opportunity, players could be more appropriately matched

against opponents on the basis of appropriate age, maturity, and size. Safety and competition would be greatly enhanced.

Other major high school and junior high sports such as basketball, volleyball, track, and baseball could be improved in the same manner. Sports with low levels of participation would also be strengthened, with additional sports not offered at East Central now available to students when attending Northeast. A combined district team might help create the critical mass of students needed for increased competition that currently is not possible with the small numbers. Sports with low participation include cross country, in both districts; softball, in East Central; wrestling which is not presently offered at East Central, and both boys and girls soccer in both districts. The middle/junior high school of both districts would be strengthened and enhanced by the reorganization of East Central and Northeast. Students would be the benefactor of such reorganization. To see how students would benefit from increased participation, see Tables 9 and 10.

The curricular and co-curricular programs are also a vital part of a comprehensive activity program for students. Activities which currently experience moderate to low participation by students can often benefit from the pooling of students in the effort to increase opportunities for quality and participation.

The band program in East Central currently attracts 39 students or 19% of the high school student body. At Northeast there are 30 students or 13% of the student body. Combining the band programs at both schools would bring total involvement up to approximately 69 secondary school band students. This mass would likely create an excellent band program which would be better able to retain the interest of students at their developmental levels and hopefully increase student participation. East Central students would be able to participate in jazz band at Northeast,

an activity that is currently not available to them. The ability to field a stronger marching band would also be enhanced in both size and quality.

The same opportunity for other activities also would exist. Choir students from both districts would be able to participate in a swing choir program that is available in the East Central District but not at Northeast. The speech students would be able to enjoy the increased camaraderie and learn from a greater number of peers in preparation for state contests. Both East Central and Northeast students would be able to participate in drama productions in a new auditorium facility that is under construction in the Northeast District. This new facility will add to the increased interest in the arts as well as for the communities that support this reorganization. East Central students would be able to take part in several programs that are not currently offered such as FFA, FBLA, FCCLA, FTA, SADD, and Spanish Club. Though these are but a few examples, the picture is clear. Combining student bodies would bring together larger numbers of students with similar interest in various activities that individual districts cannot currently support.

In conclusion, the rich diversity of activity programs found in larger secondary schools simply cannot be matched in smaller schools. The students in smaller schools--while they have certain advantages--have no opportunity to profit from the broad array of activity programs available to their counterparts in larger schools.

Table 8
Athletic Program Organization

Category	East Central	Northeast
Activities/Athletic Director	Yes (teacher receives stipend, extra duty compensation)	Yes plus an Assistant Director
Specific Policies/Procedures for Activities/Athletic Program	Limited (Part of Student Handbook)	Yes (Comprehensive Policies and Procedures in Activities/Athletic Handbook)

Table 9
Student Participation in Athletics
Actual student numbers followed by the percent of student participation in parenthesis

Category	East Central	Northeast
High School Boys		
• Football	26 (25%)	45 (38%)
• Basketball	18 (17%)	34 (29%)
• Cross -Country	0	8 (7%)
• Track	0	28 (24%)
• Golf	14 (13%)	28 (24%)
• Baseball	14 (13%)	12 (10%)
• Wrestling	0	23 (19%)
• Soccer	9 (9%)	18 (15%)
High School Girls		
• Volleyball	19 (18%)	33 (30%)
• Basketball	15 (14%)	16 (14%)
• Cross-Country	0	5 (5%)
• Track	6 (6%)	21 (19%)
• Golf	7 (7%)	11 (10%)
• Softball	12 (12%)	33 (30%)
• Soccer	7 (7%)	20 (18%)
MS/JH Sports		
• Football	17 (30%)	34 (52%)
• Volleyball	14 (25%)	40 (69%)
• Basketball, Boys	21 (38%)	29 (44%)
• Basketball, Girls	13 (23%)	21 (36%)
• Wrestling	0	15 (23%)
• Track, Boys	15 (27%)	30 (45%)
• Track, Girls	12 (21%)	20 (35%)
• Cross-Country, Boys	0	8 (12%)
• Cross-Country, Girls	0	1 (3%)
• Softball	0	23 (40%)

Table 10
Student Participation in Curricular and Co-Curricular Activities
 Actual student numbers followed by the percent of student participation in parenthesis

Category	East Central	Northeast
High School		
• Band	39 (38%)	30 (13%)
• Jazz Band	0	12 (5%)
• Chorus	89 (86%)	40 (17%)
• Swing Choir	40 (38%)	0
• Speech	19 (18%)	32 (14%)
• Drama	24 (23%)	41 (18%)
• Cheerleading	10 (10%)	12 (5%)
• FCCLA (Family Career & Community Leaders of America)	0	23 (10%)
• FBLA (Future Business Leaders of America)	0	48 (21%)
• FFA	1 (1%)	56 (24%)
• FTA (Future Teachers of America)	0	24 (10%)
• Student Council	12 (12%)	40 (17%)
• Spanish Club	3 (3%)	18 (8%)
• National Honor Society	24 (23%)	28 (12%)
• Publications	12 (12%)	0
• SADD (Students Against Drunk Drivers)	0	42 (18%)
Middle School		
Band	34 (61%)	35 (28%)
Chorus	56 (100%)	93 (79%)
Student Council	6 (11%)	7 (6%)

Transportation

As the consultants evaluated the transportation systems of both districts it was found that the bus fleet in each district met the Department of Education standards as well as the Department of Transportation guidelines.

East Central has a one stall bus garage. They have a 7 bus fleet with 4 regular routes and 2 shuttle routes between Miles and Sabula. There are 4 regular shuttle routes between East Central School District and Northeast School District daily. There are approximately 25 to 30 students per bus that are transported daily. There are no cameras on the buses and the longest bus ride for a student is approximately 50 minutes. East Central has a bus route supervisor and the bus mechanic is shared with Northeast Community School District.

East Central's fleet consists of 1 bus with 67 passenger capacity and 4 busses that can transport 64 passengers. The East Central bus fleet ranges in age from 1995 to 2010. Three busses are 2007 and newer. All busses are diesel powered and have electric fuel heating systems to ensure that busses start in cold conditions. East Central has a total of 8 bus drivers of which two are shuttle drivers, and two are backup drivers.

There are also support vehicles in the East Central District which consist of 1993, 1998, 2004 Chevrolet Suburban's, 2002 GMC Yukon, 1991 S-10 pick-up and one 1999 Chevrolet Lumina.

Northeast Community School District has a multiple stall bus garage. They have a 17 bus fleet with 10 regular routes and 3 additional routes. The additional routes transport one tuition-in student, preschoolers and special education students. There are four regular shuttle routes between East Central School District and Northeast School District daily.

Northeast fleet consists of 3 buses with 84 passenger capacity and 14 busses that can transport 65 passengers. In addition to the standard bus fleet, there are 2 small busses. One is a

2000 GMC 6+2 passenger and the other is a 2009 Chevrolet 10+1 passenger. The Northeast bus fleet ranges in age from 1995 to 2009. Four busses are 2007 and newer. All busses are diesel powered and have electric fuel heating systems to ensure that busses start in cold conditions.

Northeast has a total of 10 bus drivers plus 3 additional route drivers and three substitute drivers. Northeast Community School District also employs one bus monitor and a crossing guard.

Northeast has support vehicles consisting of two pick-up trucks, including a 1998 Ford F150 3 passenger and a 2000 Ford F150 3 passenger. There are two vans including a 2000 GMC 8 passenger mini-van and a 2003 Chevrolet 8 passenger Astro van. They have a 1990 Chevrolet 5 passenger Lumina automobile and four 9 passenger Chevrolet Suburban's, 2000, 2000, 2007, and 2007.

The consultants did not review the present bus routes and make recommendations as this should be done when a decision is made to reorganize. However, the consultants are confident that, depending on the restructuring of the districts, a savings can be accomplished given the present bus fleet that is in operation. A coordinated effort between districts would save possibly significant dollars, as well as reducing the number of extra buses that are now housed in each of the districts. In looking over the area of both districts it appears that some middle school and secondary students may have to have a slightly longer time on the bus but certainly well within the required time frame identified by the Iowa Department of Education.

A significant area related to student transportation is the student parking or potential high school student parking at the Northeast High School facility. The size of the parking lot would also need to be expanded due to the increased traffic for daily use and special events.

Facilities

Although buildings themselves do not assure quality education, there is evidence to suggest that they may have a greater impact than people suspect. To a substantial degree buildings influence the types of learning and the types of programs available to students. This includes not only the physical structure and the size and numbers of rooms, but the aesthetics of the buildings as well, and consultants took note of all in their deliberations.

At the beginning it should be noted that East Central has an elementary educational program which is housed in two communities, Miles and Sabula. The Miles school site features a multi-leveled building which would make it an adequate facility for an elementary school setting. In the past few years building updates have included the installation of new fire-rated doors, painting, new windows, and smart board technology. Continued maintenance and upkeep at the facility has resulted in the ability to heat the building in a zoned fashion. Heat in the upper floors can be turned on or off as needed independent of the lower levels.

The Sabula site features an 1882 school building with multiple levels and stories. The building sits on a small parcel of land. The Sabula site and facility has exceeded its useful life. The district has certainly received its monies worth. Investing additional resources will result in a diminished return. No amount of investment will extend the life or improve the function of the building.

The Northeast school site has two buildings on a centralized campus. The elementary building was erected in 1997. The secondary building, dated 1967, houses grades 7-12. Both facilities are fully handicap accessible.

Northeast will be finishing the addition of an enlarged cafeteria, six new classrooms, and an auditorium/music facility at the end of the 2010-2011 school year. The JH/HS facility will soon have 191 parking spaces with new lighting. In recent years, Northeast facility improvements include: installation of smart boards technology, fitness center, 8 lane track around the football field, and new lighting at the track and baseball/softball fields. The district has identified the wrestling room, baseball field, administrative offices, heating and cooling upgrades, general aesthetics (ceilings, painting), technology infrastructure, and high school parking as areas for continued enhancement.

Summary

Facilities

Based on student numbers and facility space at Northeast, it does not appear that Northeast and East Central students could be adequately accommodated at this time at the Northeast facility. The consultants recommend two PK-6 schools. The school sites should be located in Miles and Goose Lake. This will allow younger students to remain as close to their families as possible in schools and communities where their families live. A plan to sunset the Sabula building should be developed and implemented within the next year. Focusing the East Central elementary program in Miles is very desirable from a curricular and instructional viewpoint. A small elementary program divided in two locations reduces opportunities for students through division of resources, teacher isolation, and program isolation. A combined elementary site at Miles will increase teacher collaboration and create more consistent programming for students.

Financial

Upon review of the financial information and in consideration that this information was provided by each district and that only estimates can be given for FY11 at the time of this report, it is the opinion of the feasibility study team that a whole grade sharing option that leads to a reorganization between the East Central and Northeast districts is a viable option financially. Depending on how it was set up, taking advantage of several years of whole grade sharing incentives provided by the state could position both districts to be in even better fiscal position for reorganization, as well as provide some transition time to explore all possible avenues of cost efficiencies before becoming one district. However, should the learning communities of East

Central and Northeast choose to move toward reorganization, it is the opinion of the committee that the reorganization be completed with full consideration of the issues as outlined below.

First and foremost, although it is challenging to predict future enrollment, it is also the most critical factor in determining whether a consolidation is feasible. Over the last three years, neither district is losing enrollment at an alarming rate, but they are both still losing enrollment. To see whether this trend is likely to continue, both districts are encouraged to examine the numbers of students expected to graduate over the next few years and compare that with the trends of their last few incoming kindergarten classes. Absent any other factors, if the districts are graduating higher numbers of students than they are bringing in as kindergarteners, it is likely that enrollment will continue to decline. Reorganization may actually help mitigate this situation as combining the populations of both districts could hedge against declines in both districts. But this is not a solution to declining enrollment; the solution lies in finding the efficiencies in a reorganization that will position the newly merged district for financial stability well into the future.

This aspect of combined enrollment and realized efficiencies must be played against the backdrop of low projected allowable growth in the near future. As of the spring of 2011, and in consideration of a general malaise in state revenues, some analysts are estimating a five-year run of extremely low allowable growth, such as 0% for FY12 and FY13, and 1% for FY14 and FY15. If that materializes, that would be a four year total of 2%, which was the total for FY11 alone. These are very alarming numbers and would provide almost no opportunity for revenue growth for districts over an extended time period. If combined with decreased or even steady enrollment, the only way for districts to survive financially will be for them to find efficiencies in their expenses. However, it must be noted that it is apparent that both East Central and

Northeast have been doing solid work in finding efficiencies on the expense side for quite some time, which raises the question as to what efficiencies are left to find. Possibly the best avenue to that is exactly what they are considering, a reorganization that would allow them to combine the best parts of their organizations while at the same time phasing out or eliminating any excess expenses.

At the time of this report, according to information provided by the Iowa Association of School Boards and in line with Iowa Code Chapter 257 and Administrative Rules 281.97, there are certain taxpayer incentives that occur in a reorganization that may help the East Central and Northeast learning communities in their decision. For example, in the first year of reorganization, the Uniform Tax Levy is lowered from \$5.40/1000 to \$4.40/1000; it then increases to \$4.90/1000 and \$5.15/1000 before normalizing after the third year back to \$5.40/1000. State aid replaces the reduction in property tax, but it is important to note that this does not increase or decrease spending authority. There are also ways to incorporate this with whole grade sharing incentives to reorganize. One caveat is that enrollment of the school district affected by the reorganization must be at or below 600 in the year preceding the reorganization, and whereas the enrollment at Northeast is within that range, it does not seem likely that they would meet or exceed that enrollment in the next several years. According to Code, districts would need to reorganize prior by July 1, 2014 to receive these incentives.

Furthermore, there are other factors to consider in reorganization, according to information provided by the Iowa Department of Education. Any voted Physical Plant and Equipment Levy and the Instructional Support Programs are continued in the newly reorganized district at the least number of years remaining, the lowest percent for the ISL or the lowest property tax rate for the voted PPEL, and the lowest percent of income surtax of the former

districts that are a party to the reorganization. Although neither district has a voted PPEL at the time of the study, both districts do have Instructional Support Programs, with Northeast's funded primarily through income surtax. Depending upon when each district's ISL is projected to expire, it will be very important to work with counsel to examine this issue and then explain carefully to both affected learning communities what changes this means for them.

The Northeast district also carries some debt service; in the event of reorganization, debt service is a negotiable issue. Generally, it remains as a levy on the property that was in the former school district with the debt service levy. However, it can be spread across all property in the newly reorganized district if that is what the reorganization referendum indicates. Of course, the debt service levy continues until the debt is paid.

Analysis of Education Program

As the educational program was analyzed it was evident that both districts have sought to provide a comprehensive and diversified educational program for their students. The choice to share secondary schools of the East Central and Northeast school districts appears to have been based in the reality that East Central was no longer able to offer a comprehensive high school program without out-of-district assistance. With a larger student population the breadth and depth of the educational program can be increased and still maintain efficient class sizes. The reduction of student travel during the school day will increase instructional time efficiency for students of both districts. A refocused elementary program at Miles and Goose Lake provides opportunity to unite and focus the efforts to better prepare students for the secondary program. With combined enrollments projected to be steady into 2016, moving from a sharing agreement to district reorganization would ensure these advantages for students into the future.

Extra-Curricular/Co-Curricular Activities

The curricular and co-curricular programs are also a vital part of a comprehensive activity program for students. Activities which currently experience moderate to low participation by students can often benefit from the pooling of students in the effort to increase opportunities for quality and participation. Combining student bodies would bring together larger numbers of students with similar interest in various activities that individual districts cannot currently support.

A new reorganized district would be able to provide valuable opportunities for students to excel in both in an academic and athletic environment. With these opportunities students would be able to develop both their academic and athletic talents to the fullest extent.

Recommendations

- The research of the consultants supports the reorganization of the East Central and Northeast School districts.
- A critical piece in reorganization is the financial efficiencies that will lead to stability and flexibility in improving and maintaining a high quality educational program.
- Recognize that there are tax payer savings in the first three years of reorganization.
- Given the data and evidence, it would appear that the combined enrollment will remain relatively consistent through 2016.
- Efficient use of classroom time will increase for all students.
- Instructional opportunities are likely to become more robust.
- Opportunity to align the PK-6 program for vertical articulation that will prepare students in a more unified fashion for the secondary school program.
- There will be the opportunity for students to participate in a more diverse and broad array of extra-curricular and co-curricular activities.
- The efficient use of transportation provides the opportunity to save money and student travel time.
- It will be important to sunset the building at Sabula with sensitivity.
- The elementary school sites should remain at Miles and Goose Lake for the foreseeable future.

ENROLLMENT HISTORY AND PROJECTIONS

Appendix 1 East Central Enrollment, Past and Projections

Year	K	G1	G2	G3	G4	G5	G6	G7	G8	G9	G10	G11	G12	K-12
01-02	31	29	24	38	31	33	29	20	34	33	33	49	38	422
02-03	29	26	30	20	40	31	35	32	20	39	34	32	50	418
03-04	29	24	30	28	19	43	30	32	31	21	38	35	36	396
04-05	29	32	29	29	28	20	40	29	34	29	20	38	33	390
05-06	25	26	31	28	28	25	18	41	31	36	29	20	36	374
06-07	30	24	25	29	28	26	25	20	41	33	36	27	20	364
07-08	17	28	22	24	30	29	27	24	22	43	27	36	26	355
08-09	30	11	28	22	27	29	29	30	26	23	39	29	32	355
09-10	26	30	10	30	25	29	30	26	31	26	20	35	30	348
10-11	24	21	27	9	30	27	26	31	26	27	26	22	34	330
11-12	27	18	20	27	10	31	26	26	32	25	25	26	22	315
12-13	30	20	17	20	30	10	30	27	27	31	23	25	25	315
13-14	29	22	19	18	22	31	10	31	28	26	29	23	21	309
14-15	26	21	21	19	19	22	30	10	32	27	24	28	22	301
15-16	29	19	20	21	20	20	22	30	10	31	24	24	28	298

Appendix 2 Northeast Enrollment, Past and Projections

Year	K	G1	G2	G3	G4	G5	G6	G7	G8	G9	G10	G11	G12	K-12
01-02	47	47	51	38	55	54	43	63	56	53	77	62	71	717
02-03	43	49	50	51	41	54	55	44	65	63	53	77	61	706
03-04	50	37	50	45	46	40	57	58	46	61	61	53	77	681
04-05	60	51	39	51	46	46	42	52	57	45	60	57	52	658
05-06	50	58	57	40	52	48	45	47	58	61	49	60	58	683
06-07	36	47	62	51	44	50	50	49	45	56	58	49	58	655
07-08	54	38	49	62	53	47	53	57	49	51	53	57	47	670
08-09	52	42	38	51	62	54	51	59	55	54	53	53	56	680
09-10	42	46	46	38	48	64	56	55	59	55	53	56	57	675
10-11	47	41	46	48	42	54	62	66	57	67	56	51	57	694
11-12	51	45	42	47	48	44	55	70	66	61	68	56	54	707
12-13	53	46	47	44	48	51	45	62	70	71	62	68	57	724
13-14	52	48	48	48	44	50	52	51	62	75	72	62	70	734
14-15	49	47	50	49	48	46	51	59	51	67	76	72	65	730
15-16	50	45	49	51	49	51	47	58	59	55	68	76	74	732

Appendix 3
Combined East Central and Northeast, Past and Projections

Year	K	G1	G2	G3	G4	G5	G6	G7	G8	G9	G10	G11	G12	K-12
01-02	78	76	75	86	86	87	72	83	90	86	110	111	109	1139
02-03	72	75	80	71	81	85	90	76	85	102	87	109	111	1124
03-04	79	61	80	73	65	83	87	90	77	82	99	88	113	1077
04-05	89	83	68	80	74	66	82	81	91	74	80	95	85	1048
05-06	75	84	88	68	80	73	63	88	89	97	78	80	94	1057
06-07	66	71	87	80	72	76	75	69	86	89	94	76	78	1019
07-08	71	66	71	86	83	76	80	81	71	94	80	93	73	1025
08-09	82	53	66	73	89	83	80	89	81	77	92	82	88	1035
09-10	68	76	56	68	73	93	86	81	90	81	73	91	87	1023
10-11	71	62	73	57	72	81	88	97	83	94	82	73	91	1024
11-12	78	63	62	74	58	75	81	96	98	86	93	82	76	1022
12-13	83	66	64	64	78	61	75	89	97	102	85	93	82	1039
13-14	81	70	67	66	66	81	62	82	90	101	101	85	91	1043
14-15	75	68	71	68	67	68	81	69	83	94	100	100	87	1031
15-16	79	64	69	72	69	71	69	88	69	86	92	100	102	1030