

Education Governance Restructuring: Financial Implications
Testimony Outline for the Senate Finance Committee
Daniel M. French, Superintendent
Bennington-Rutland Supervisory Union
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Background

- Superintendent for the Bennington-Rutland Supervisory Union (BRSU) since 2007
- Superintendent for the Essex North Supervisory Union from 2004-2007, and Principal of the Canaan Schools from 1997-2004.
- Past President of the Vermont Superintendents Association, and Vermont Superintendent of the Year 2009
- Bennington-Rutland Supervisory Union:
 - Comprised of the towns of Sunderland, Manchester, Dorset, Pawlet, Rupert, Danby, Mt. Tabor, Londonderry, Landgrove, Peru, Weston, and Winhall
 - 11 school districts, 2,200 students, 54 school board members
 - 6 schools (3 K-8s and 3 K-6s) and no high school. Parents have high school choice with a significant number choosing to attend Burr and Burton Academy. Our districts pay tuition to 35 different high schools in Vermont around the world.
 - Districts in four Vermont counties, three Vermont technical center regions, and two districts designate New York High schools with those students largely attending a New York BOCES for technical education
 - Mountain Towns RED and the Winhall Town School District joined the BRSU on July 1, 2013.

General Comments

1. Education system efficiency is expressed as a simple ratio, Education Spending per Equalized Pupil. Greater efficiency is represented by a smaller ratio among these two variables. Absent governance reform, our only approach to reducing this ratio is to address the numerator, Education Spending. This means districts will be forced to chip away at essential education programs as the number of students decreases. The creation of larger K-12 systems allows us to leverage the denominator of this ratio to increase efficiency by aggregating larger numbers of students into a single district.
2. In an era of declining numbers of students, sharing resources among districts becomes a major strategy to reduce cost. Larger K-12 systems better enable the sharing of resources.
3. It is possible to establish an efficient supervisory union system but it takes about 7-10 years of skilled leadership and coordinated effort: I do not believe we have the time or the necessary leadership capacity to obtain greater efficiencies from the current system.

Examples from My Experience at the BRSU

1. Joint Photocopier Purchasing - 5 schools and the central office went out to bid with other districts in New England through a purchasing consultant. Black and white per copy

costs dropped from an average of \$0.05 a copy to \$0.004 a copy. Leasing rates dropped from an average of 15% to 3%. Collectively, we saved over \$200,000 in the first 5-year lease period. We expect to save about the same in our second 5-year period by adding all printers under a single contract.

Observations: It took 8 months of work to create a series of inter-municipality lease agreements to pull this deal together even when all boards were supportive of the approach. The current governance system is too cumbersome for making simple business decisions.

2. Centralizing Accounting Functions - Three districts had separate accounting and payroll offices in their schools. All accounting was centralized in the supervisory union office, and a modern, accounting/HR information system was implemented. Dorset has saved about \$20,000 on an annual basis, and Manchester has saved about \$40,000 on an annual basis.

Observations: The financial case for the centralization of accounting was easy enough to make, but districts resisted due to concerns for local control largely emanating from staff in the schools. Today the boards have better local control since they are provided regular and accurate reports on financial activity and all costs and revenues are captured in budgets. Also, governance transparency has improved: all reports are now available online and are keyword searchable by the public. Every supervisory union needs to move to a modern accounting/HR systems at some point. Many still use DOS-based systems. The newer technologies are easily scaled across larger governance units eliminating significant redundancy while improving controls and transparency.

3. Centralizing Bandwidth - The national recommendation for bandwidth in schools is 100 Mbps per 1,000 students. The way to implement this capacity in a rural environment is through a shared Internet circuit over a spoke and hub wide area network (WAN). BRSU implemented such as WAN among five schools and its central office. The result is even our smallest school (70 students) now has adequate bandwidth to ensure access to educational resources.

Observations: Many small districts and schools in Vermont do not have the technical expertise to deploy adequate bandwidth to support the future (and current) learning needs of students. Absent governance change, there will be a growing “digital divide” among Vermont schools. Centralizing bandwidth allows us to maximize federal e-rate reimbursement. Our previous e-rate reimbursement rates averaged around 60%. Collectively we have a current rate of 70%.

4. Centralized Master Agreement - BRSU districts merged 6 union master agreements into a single agreement with a single set of salary schedules. Salary steps no longer equate to years of teaching experience. Each district transitioned to the new salary schedule based on its unique ability to pay.

Observations: Merging master agreements saved BRSU districts about \$30,000 in separate negotiations fees. Bargaining with this many boards and teacher associations is cumbersome, however. The BRSU process described above took 2.5 years to conclude.

5. Creation of a the Mountain Towns RED and the Assignment of the RED and the Winhall Town School District to the BRSU on July 1, 2013 - The formation of the RED and the assignment of Winhall to the BRSU saved the original BRSU districts about \$100,000, and the RED about \$140,000. The move was cost neutral to Winhall. The move of these districts allowed for the elimination of the Windsor Southwest Supervisory Union which created additional savings to the state. The creation of the RED and its transition to the BRSU was supported by a \$150,000 transition grant from the state. The majority of these funds went to create the RED (\$30,000), staff salaries for current and new staff at the BRSU (\$60,000), and information system and software licensing (\$43,000).

Observations: This governance change took about 3 years and is an example of how governance reform can lower administrative costs. The BRSU office has grown to take on these additional districts, however. We created a management layer of staffing in our business area to supervise the additional accounts payable, auditing/monitoring, and payroll work. The additional staff have not allowed us to improve our capacity to perform strategic planning, or program analysis to identify opportunities for future savings, however.

6. Analysis for Closing of the Sunderland Elementary School and Union District Formation Between the Sunderland and the Manchester Town School Districts - This analysis was performed in 2009. See the attached. Closing the Sunderland Elementary School and creating a new district which required Sunderland students to attend school in Manchester (5 miles away) reduced combined education spending by \$561,907 on an annual basis.

Observations: Closing a school in a district with other schools maximizes the savings potential. Closing a school in a single district without other schools creates new tuition costs which are generally comparable to the costs of operating the school. If the number of school-aged children continues to decline in Vermont, schools will no doubt close. This is a difficult community decision. I know. I supervised the closing of the

Norton Village School when its enrollment dropped to 6 students. The creation of larger governance units, however, ensures savings associated through school closure are maximized by reassigning students to schools in the same district rather than tuitioning them out of the district.