

TESTIMONY PROVIDED TO: The Senate Education Committee

FROM: John Alberghini, Superintendent

Jon Millazzo, Board Chair

Kevin Campbell, Chair of Finance Committee

Mount Mansfield Modified Union School District & Chittenden East Supervisory Union

SUBJECT: Act 46 – Cost Savings

DATE: January 26, 2017

Thank you for inviting us to testify on the savings and opportunities that have been realized as a result of the reorganization that was created pursuant to Act 46. We offer the following testimony as individual representatives of the district, not on behalf of the board.

The Mount Mansfield Modified Union School District (MMMUSD) has just completed its budget for FY18, marking the start of its third year of existence since forming under the guidance of Act 46 in December 2015. In each of these budget cycles, the district has been able to achieve considerable cost savings that are directly attributed to the new governance structure. The majority of these cost savings come from sharing resources that are expected to remain in place for years to come, thus the cost savings will occur not just once, but year over year. In the FY18 budget, we have accumulated over \$300,000 of merger driven cost savings. We will share the most notable with you today.

- The district has consolidated **custodial and food services** at its two campuses that each house a middle school and an elementary school. Prior to the merger, these campuses were governed by three different districts making it practically impossible to share resources between the schools. Once merged, staff consolidation savings of \$80,000 per year were immediately realized.
- The district has begun a process of **“right sizing” its kindergarten classes** among its five elementary schools. To achieve this, the district expanded its policy of school choice at the elementary schools. This resulted in more optimized class sizes and eliminated the need for classroom aides saving \$44,000 per year. Over five years this continued process will ensure optimal class sizes for all of the elementary schools in the district.
- The district is saving over \$125,000 per year on **school board expenses** such as membership fees, professional development, and publication costs. These expenses are avoided by consolidating six governing boards into one and reducing 45 board positions into 15. The district has also reduced its accounting staff as a result of the efficiencies gained from consolidating the books and budgets from the five merged districts.
- The district has relocated its Mansfield Academy program from a **rented location to a school building** saving \$30,000 per year.

While these tangible examples may be impressive to some, they are not the most valuable financial outcomes of our districts merging. Having witnessed the necessary transformation of our board’s governing approach from tactical to strategic, from reactive to proactive, from short term to long term, I see our district making better financial decisions at every cross roads we encounter.

- We are **empowering our administration** and holding it accountable for managing the budget and district
- We are following **zero base budgeting** processes to ensure our priorities and investments align.
- We are developing **responsible budgets** year over year that balance the need for fiscal constraint while addressing our most important strategic objectives.

- We are **investing more in the maintenance** our buildings and planning over a multiyear horizon to ensure a safe and reliable infrastructure for years to come.
- We are **coordinating curriculums** and programs between schools for a seamless PK-12 system.

We would be remiss if we did not take a moment to also share with you what we have *not* been able to address as a merged district.

- We have not been able to close the **socioeconomic achievement gap**. While our test scores are collectively improving, the gap between the haves and have-nots continues to grow.
- We have not been able to control the growth of our **special education budget**. This year alone the budget is up 10% and now accounts for 20% of the overall school budget. The percentage of IEPs is stable, but the services required by these IEPs are increasing significantly.
- We have not been able to keep **salaries and benefits** in line with the tax base. Each year, to meet our budget targets, we look to offset these increases with staffing and/or programmatic reductions. We've been fortunate in the past three years to be able to absorb most our labor increases with merger-related cost savings, but this is not a sustainable approach.
- We have not been able to lower **property taxes** from one year to the next.
- We have not been able to increase our **student enrollment**, but it appears to have stopped declining.
- We have not been able to get the most out of our **buildings**. Our school buildings are at 50% to 60% capacity, and yet we still rent space for our Supervisory Union office. Consolidating our buildings not only requires community support but also requires investment for rework. Money which is not readily available to the district.

In summary, Act 46 has enabled our new district to realize over \$300,000 per year in cost savings as a result of resource sharing and work consolidation. The new district has adopted a more strategic governance structure that has led to better financial decisions. The new district continues to be challenged with increased costs, a stagnant tax base, and more demanded services.

Thank you for your time.