

THINKING BEYOND BOUNDARIES

OPPORTUNITIES TO USE REGIONAL AND LOCAL STRATEGIES TO STRENGTHEN PUBLIC EDUCATION IN THE BROOME-TIOGA REGION

Prepared for:
Broome-Tioga BOCES

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December, 2004
www.cgr.org



*Research to drive informed decisions.
Expertise to create effective solutions.*

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December, 2004

EXECUTIVE SUMMARY

In early 2004, CGR (Center for Governmental Research Inc.) was engaged by the Broome-Tioga BOCES, on behalf of its 15 component school districts, to take a comprehensive look at the services being provided by the districts to determine if there were opportunities to reduce costs while maintaining or improving the quality of education being delivered to students in the region. The study was funded by the school districts, with matching funds provided by the Decker, Hoyt, Kresge and Gaffney Foundations; a New York legislative grant secured by Senator Thomas Libous; and the United Way.

CGR was asked to consider three questions:

- ❖ Should the districts consider expanding ways to share services?
- ❖ Should the districts consider some level of reconfiguration and/or merger?
- ❖ Should the districts consider consolidating into one school system?

The Study Context

In order to provide answers to these questions, CGR spent seven months interviewing more than 250 individuals, including a cross-section of staff and board members from each district, union representatives, staff of the New York State Education Department (SED) and various professional organizations with important ties to public education in the region. CGR collected and reviewed detailed budget and expenditure information about each district, and conducted several surveys to supplement data collected in our interviews.

In addition, CGR interviewed superintendents and other top officials and collected information about consolidated school districts from around New York and large single countywide school districts from four different states. This provided CGR with the background to test how different structural models might change how public education services are provided in the region. This comprehensive region-wide study is the first of its kind in New York State.

The districts actively supported the project and provided many ideas for improvement.

CGR was very pleased with the active support and encouragement shown by those interviewed during the project. Virtually every person CGR interviewed offered positive suggestions and recognized the importance of addressing the key challenges facing the districts.

CGR focused on the most useful ideas for sparking debate.

A 10-person steering committee composed of several district superintendents and members of boards of education provided guidance to CGR during the project. The steering committee recognized that the project timeline and budget required CGR to focus on providing the most useful ideas for sparking debate about the future of public education support services, and that more study would likely be required to develop detailed cost/benefit and funding analyses.

With that understanding, CGR undertook to develop and describe opportunities for the community to consider, the rationale in support of these opportunities, and challenges to turning the opportunities into reality. CGR has written this report to be a guide, a vehicle for educating the community and initiating serious, focused discussions within the greater Broome-Tioga community about how to lower costs of the public school system without jeopardizing the quality of education in the area. The next step would be to initiate a thoughtfully-designed strategic planning process for each opportunity that is pursued as a result of the community discussion that is generated by this report.

The Regional Context

The Broome-Tioga region is blessed with high quality public schools. This reflects both the high level of commitment from the community to support the schools, and the ability of the region to attract and retain the high quality professional staff found at all levels within individual school districts. Several of the districts run model academic programs. The districts have made substantial

capital investments over the last decade, and almost all school facilities are updated with the latest technology and are in excellent condition. The districts have also worked well together through the BOCES to develop regional approaches that provide opportunities that otherwise might not be available to students and staff.

The school districts, however, exist within the context of greater Binghamton, and the regional economy has been weak for over a decade. As a result, school districts are caught in a challenging environment where the number of children served by the public school system has declined but total costs for the districts continue to increase. This has put increasing pressure on the districts to find ways to become more cost efficient.

**Principal Finding –
Costs Could Be
Reduced by \$12-
\$16 Million**

The primary focus of this study was to consider whether restructuring how districts are organized would result in significant cost efficiencies and potential educational opportunities for students. Once CGR developed an understanding of how public education is provided in the consolidated and large single-district models, we could compare the current Broome-Tioga 15-district configuration with the alternative models.

Our principal finding is that it is reasonable to project that annual operating costs could be reduced by at least \$12.4 million to \$16.1 million across the region without compromising core educational objectives, if the management principles found in large single district models were able to be applied in the Broome-Tioga region. Over a five-year period, this represents a potential cumulative savings to the region of between \$60 million and \$80 million. Just as important, educational and administrative support services would be improved, and regional educational opportunities (such as regional International Baccalaureate and Project Lead the Way pre-engineering programs) are also proposed.

The savings were calculated initially by modeling what would happen if schools in the region were run as a single district, or at least with a collaborative cross-district management approach. For example, a single district would only have one Board of Education instead of the 15 that currently exist. As an illustration, CGR estimated that having a single Board would likely save \$600,000

annually. In addition, tens of millions in school capital dollars that have been spent in the region over the last ten years would likely not have been spent under a regional management model.

To identify substantial savings in future years, CGR focused on estimating cost reductions in the areas of transportation, buildings and grounds and energy management, health care and special education, because these are areas where the districts spend the most money, and/or where costs have increased dramatically over the last five years. In addition, the report touches on many other areas where smaller cost savings could be achieved by applying the same perspective on managing services and costs at a regional level. For example, some additional savings would be available through expanded use of a Central Business Office and related joint purchasing, food services efficiencies, enhanced use of BOCES aid on selected bases, etc.

After factoring in state aid reimbursements, CGR estimates that achieving the annual operating cost reductions noted above would reduce the amount required to be raised by local property taxes by \$6.0 to \$8.9 million. If these savings were distributed equally across the region, this would translate into a local property tax savings of from \$161 to \$239 per pupil, per district, per year. The report also suggests that the school districts of the region could obtain additional revenues by applying for reimbursement from the state's little-known Shared Services Savings Incentive.

Reasons to Not Change the Structure

Although operating efficiencies could be achieved by applying the management principles followed by large single districts, there is a strong economic argument for the 15 Broome-Tioga districts to *not* actually merge into one single district. In New York State, in every merger that has occurred, salaries and benefits of the merging districts level up to the highest salary and benefit structure, at least initially. CGR estimates that leveling salaries and benefits would add anywhere from \$4 million to \$20 million in costs, with the probability being that costs would be at the high end of that range. Therefore, unless or until a strategy can be developed to reduce the impact of equalizing salaries and benefits, these costs would likely offset the efficiency gains that could be achieved by creating a single district.

CGR also found that creating new sub-regional groupings by consolidating two or more districts did not appear to offer any significant advantages over the current 15-district model. Research clearly shows that cost efficiencies are highest when mergers occur between districts in the 750 student range or less, and the savings drop off rapidly once districts reach the range of 1,000 to 1,500 students. Only four of the 15 districts fall within the 750 to 1,500 student range, and only two of these four share contiguous boundaries. Mergers that appear to make the most sense would be between small districts on the outer edge of the Broome-Tioga BOCES area and districts in other BOCES.

In summary, it appears that the efficiency gains from structurally merging some or all of the existing 15 districts are likely to be at best in the range of 3%, and, depending on the effects of equalizing salaries and benefits, total costs as a result of such mergers may well exceed such savings. It is also important to recognize, based upon the history of mergers across the state, that significant community turmoil can be expected should actual structural mergers be pursued.

The Districts Should Pursue A Central Regional Management Model

For these reasons, CGR suggests that the districts should pursue a model that creates the opportunity to work together as an integrated unit on regional issues, without actually changing the core structure of the 15 individual districts. Developing a single management strategy for the region that would address operations and areas of expense that are common to all districts could create efficiencies without compromising the various educational values in the districts.

There are several possible structures for creating a central management model. CGR suggests that the districts consider, in particular, a federation model structure. The federation model would help ensure that a common integrated approach would reflect the individual interests of each district while still achieving the benefits from centrally managing selected functions. By working together in such a way, without reorganizing into a new infrastructure, the districts could potentially achieve the \$12 - \$16 million annual cost reductions that a single large district would achieve, but without having to incur the financial and social costs associated with structurally merging two or more districts.

Moving Forward

CGR believes that the next steps for the districts, following release of this report, would be to identify which specific opportunities to pursue in more detail and to develop strategic plans for achieving the types of efficiencies identified in this report. Some efficiencies may require relatively minimal research and operational changes and could probably be accomplished within a year or less (e.g., controlling health care costs, buildings and grounds and energy management, transportation). Other changes such as changes proposed in special education service delivery are clearly going to require additional significant study and careful planning to ensure that all the cost and service implications are taken into account.

The school districts and larger community leadership could choose to move forward on several of these opportunities at the same time, or select one or two as pilot projects to build a track record of success. Clearly, making the changes described in this report is going to require careful planning and hard work. Perhaps most challenging of all, members of each school district community will have to be willing to compromise and let go of the need and desire to control certain functions that could be more efficiently managed using a regional perspective. This report concludes that a managed regional approach could reduce costs and strengthen core support services, to the benefit of the entire region, without having to sacrifice the individual school communities that play such an important part in giving the Broome-Tioga region its unique identity.

TABLE OF CONTENTS

| | |
|---|------------|
| Executive Summary | i |
| The Study Context..... | i |
| The Regional Context | ii |
| Principal Finding – Costs Could Be Reduced by \$12-\$16 Million | iii |
| Reasons to Not Change the Structure..... | iv |
| The Districts Should Pursue A Central Regional Management Model..... | v |
| Moving Forward | vi |
| Table of Contents | vii |
| Acknowledgments | xi |
| Chapter 1 – Background and Context | 1 |
| The Context of Regional Decline | 2 |
| Project Methodology | 3 |
| Importance of Project Steering Committee | 4 |
| Where We Focused our Primary Attention | 4 |
| Key Public Policy Assumptions | 5 |
| Policy Context #1 – Balancing Cost and Quality | 5 |
| Policy Context # 2 – Funding Public Education | 5 |
| Policy Context # 3 – Building Creative Partnerships | 6 |
| Policy Context #4 – Acknowledging that Differences are a Barrier to Change | 7 |
| The Focus and the Challenge..... | 7 |
| Boundaries and Barriers to Change..... | 8 |
| Chapter 2 – Findings | 10 |
| Finding 1: Profiles of Districts Vary Considerably | 10 |
| Size and Geography | 10 |
| Characteristics of Population | 12 |
| District Education Profile | 13 |
| Implications for the Region | 15 |
| Finding 2: Big Increases in Region’s Education Spending—Heavily Funded by State | 15 |
| Implications for the Region | 17 |
| Finding 3: Public School Spending Has Increased as Enrollments Have Declined ... | 18 |

| | |
|---|----|
| Significant Drivers of Cost Increases | 18 |
| Changes in Staffing Across the Region | 20 |
| Non-teaching staff increases | 20 |
| Staff increases related to special education | 21 |
| Few increases in core teaching positions | 22 |
| Increases in administrative positions | 22 |
| Implications for the Region | 23 |
| Finding 4: B-T Districts Are Sharing Some Services; Potential to do Much More | 23 |
| BOCES Support Services are Widely Used by Districts | 25 |
| B-T's Central Business Office is a Model in New York State | 26 |
| Collaboration Could be Expanded Between Districts | 27 |
| Implications for the Region | 28 |
| Finding 5: There are Both Benefits and Costs to Consolidating School Districts | 29 |
| Finding 5A – In New York, Only Small Districts Typically Seek Mergers | 29 |
| Finding 5B – In New York, Consolidations Have Only Occurred Between Two Districts with Common Borders..... | 30 |
| Finding 5C – In NY Examples, Consolidation Produces Operating Efficiencies..... | 30 |
| Finding 5D – In Research Studies, Consolidation Reduces Costs Because of Economies of Scale | 32 |
| Finding 5E – In NYS Examples, Precipitating Factors Always Drive Consolidation . | 34 |
| Finding 5F - Research Studies Are Inconclusive Whether Consolidations Improve Educational Outcomes | 35 |
| Finding 5G – In NYS Examples, Consolidations Often Disrupt the Community for Several Years..... | 36 |
| Implications for the Region | 37 |
| Finding 6: Countywide Districts in Other States Manage Core Services Differently ... | 39 |
| Finding 6A – Managing Services with One Central Management Structure Reduces Overhead Costs..... | 40 |
| Potential savings from reduced boards and budgets and from other efficiencies | 41 |
| Potential offsetting added costs of adjusted salary and benefits | 43 |
| Finding 6B – Central Management Models Seem More Efficient for Central Operations..... | 44 |
| General Administration | 44 |
| Student Transportation..... | 45 |
| Buildings and grounds | 46 |
| Purchasing | 48 |
| Finding 6C – High Schools in Single Districts Have Their Own Identity; Other Schools Compete Based on Reputation | 50 |
| Finding 6D – Equalizing School Property Taxes Would Be a Major Challenge | 51 |
| Implications for the Region | 51 |
| Finding 7: Potential for Enhancing Regional Educational Opportunities..... | 52 |

| | |
|--|-----------|
| Regional Opportunities and Barriers | 53 |
| Implications for the Region | 55 |
| Finding 8: Rapid Growth in Special Education, Wide Variation in District Practices and Staffing | 57 |
| # of Special Education Students Has Stabilized | 57 |
| Special Education Teachers and Aides Have Increased | 59 |
| Increases in Costs of Infrastructure and Purchase of Special Education Services.. | 60 |
| Differences Between Districts | 61 |
| The Potential for Reducing the Region's # of SE Students | 62 |
| Significance of Vacancies in Self-Contained Classrooms | 65 |
| Reduce Special Education Administration Across the Region..... | 66 |
| Implications for the Region | 68 |
| Chapter 3 – Opportunities | 69 |
| Opportunity 1 – Agree on a Strategy to Reduce Health Care Costs | 70 |
| Opportunity 2 – Centralize Transportation Management..... | 73 |
| Opportunity 2a: Organize Around School Clusters | 75 |
| Opportunity 2b: Send Students to the Closest School | 75 |
| Opportunity 2c: Centralize Maintenance Garages | 75 |
| Opportunity 2d: Standardize the Fleet..... | 76 |
| Opportunity 2e: Centrally Manage Bus Routing and Dispatching..... | 76 |
| Summary of Cost-Saving Impact | 76 |
| Opportunity 3 - Centralize Facilities Management | 80 |
| Opportunity 3a: Centralize Energy Management | 81 |
| Opportunity 3b: Centralize Core Building Operations | 82 |
| Opportunity 4 – Consider Other Opportunities to Build on Existing Regional Strengths | 83 |
| Opportunity 5 – Agree on a Strategy to Strengthen Special Education Services and Reduce Costs..... | 85 |
| Opportunity 5a: Create Regional Structure for Administering SE Services | 87 |
| Opportunity 5b: Reduce the Number of Classified SE Students, at Significant Cost Savings to Region | 88 |
| Chapter 4 – Moving Forward | 92 |
| Economic Development Implications | 92 |
| Next Steps | 93 |
| Potential Models..... | 93 |
| Single Regional District | 93 |
| No Formal Structure | 94 |
| BOCES-Driven Model | 94 |
| Federation Model | 95 |
| Assumptions of Suggested Federation Model | 95 |

| | |
|--|------------|
| Potential Scope of Activities | 95 |
| Potential Makeup of Regional Federation | 97 |
| Staffing Assumptions | 98 |
| Enabling Legislation..... | 99 |
| Potential for Additional Regional Revenues | 99 |
| Appendix | 101 |

ACKNOWLEDGMENTS

The 15 districts of the Broome-Tioga BOCES region, along with the funders who collaborated with them to make this study possible, are to be commended. This comprehensive region-wide assessment is the first of its kind in New York State. Despite different expectations about the project and its potential outcomes, the leadership of the BOCES and of each of the districts joined forces to initiate the study, and then “let the chips fall where they may,” without trying to interfere with the objectivity of the research. CGR is grateful for their collective leadership and commitment to educational excellence and cost effectiveness throughout the region.

We are especially grateful for the leadership and guidance of Dr. Larry Kiley, the BOCES Superintendent who was primarily responsible for initiating the study, and for the continuing leadership of Dr. Joseph Busch, who succeeded Dr. Kiley as BOCES Superintendent midway through the project. Both gentlemen were instrumental in helping keep the project on track, and in providing support and constructive feedback to CGR and the districts throughout the process. Dr. Leslie Distin, Executive Director of the School Boards Association and the Chief School Administrators, was also very helpful throughout the study.

We were also fortunate to be able to work with a talented project steering committee selected by the school districts to represent their interests during the study. In addition to Drs. Kiley, Busch and Distin, the steering committee included representation designed to reflect a cross-section of districts of all types from both counties in the region. We appreciate the commitment, support, and insightful and challenging thinking of the steering committee members: Mark Capobianco, John Crosby, Carol Eaton, Robert Hildebrand, Lawrence McDonald, John Paske, Jim Penwell, Kraig Pritts, and Peggy Wozniak. Thanks also to June Mabee for her cheerful and efficient logistical support that helped keep both CGR and the steering committee on track during the project.

We are also grateful for the commitment to the study represented by the following funders, who matched the financial contributions of the school districts: the Decker, Hoyt, Kresge and Gaffney Foundations; a state legislative grant secured by Senator Thomas Libous; and the United Way.

During the course of the study, CGR met with more than 250 individuals representing a wide range of perspectives in each of the 15 school districts, the BOCES and regional union leadership. We also received helpful data, information and suggestions from a number of people within the State Education Department, and such statewide organizations as the NYS School Boards Association, the State Council of School Superintendents, and the Association of School Business Officials. Without the consistent cooperation, information, insights and suggestions of all of these collaborators in the process, this report and its conclusions would not have been possible.

Staff Team

In addition to the project directors, numerous staff made substantial contributions to this project. Dr. James Giordano shared his professional expertise as a career educator, conducted some district field visits, and helped shape many of the findings and conclusions found in the report. Vicki Brown was instrumental in the analyses of New York school districts which have merged in recent years, and of single countywide districts in four different states. Becky Sumner helped frame some of the conceptual issues involved in school district reorganization. Kim Hood, Chris Gill, Kate McCloskey and Heather Fralick played key roles in obtaining and analyzing mountains of data from various sources. Bergmann Associates provided helpful mapping assistance. Between the contributions of this dedicated staff and the inputs of those acknowledged above, this report was clearly a team effort, for which the directors are grateful.

CHAPTER 1 – BACKGROUND AND CONTEXT

In the early summer of 2003, the 15 component school districts in the Broome-Tioga BOCES region, with support from a consortium of local funders, initiated a study designed to determine optimal organizational structures and means of delivering educational and administrative support services for the school districts and students within the region. The stated goal was to determine changes needed “to achieve the greatest economy of scale and cost saving, while sustaining and improving the quality of educational programs offered to the children of the region.”

CGR (Center for Governmental Research Inc.) was selected through a competitive process to work with the Broome-Tioga BOCES and its 15 districts¹ to conduct the study. More specifically, the study was designed to address three core questions:

- ❖ Are there opportunities for efficiency, cost savings and/or service enhancements that could be achieved if districts cooperate more effectively together and expand ways of sharing services?
- ❖ Should any combinations of two or more districts consider formal mergers as a means of reducing costs and enhancing services?
- ❖ Should the districts consider consolidating into a single school system, or develop other types of regional or sub-regional approaches to delivering selected educational support services?

This comprehensive study is the first of its kind in the state.

The Broome-Tioga community is to be commended for its leadership in undertaking this important project. The comprehensive region-wide study is the first of its kind in New York State. All 15 component school districts agreed to support

¹ Including the following 12 districts in Broome County: Binghamton, Chenango Forks, Chenango Valley, Deposit, Harpursville, Johnson City, Maine-Endwell, Susquehanna Valley, Union-Endicott, Vestal, Whitney Point and Windsor; and three in Tioga County: Newark Valley, Owego-Apalachin and Tioga.

and help fund the project. Matching funds were provided by the Decker, Hoyt, Kresge and Gaffney Foundations; a state legislative grant secured by Senator Thomas Libous; and the United Way. Once the funding was in place, CGR began its work in March 2004.

The Context of Regional Decline

The study was prompted in part by the declining economy of the region.

The Broome-Tioga region has been in economic decline for more than a decade. Much of the impetus for the study was the perception by the local press, members of the business community, and groups of local taxpayers that rising school district costs were no longer acceptable in a region in which the population was declining, jobs were being lost, and the ability of local residents to continue paying property taxes was eroding. Despite significant efforts on the part of individual school districts to control costs internally, overall costs of elementary and secondary education continued to rise throughout the region.

Evidence of the regional decline that helped precipitate this study can be summarized as follows:

- ❖ The total population within the 15 districts declined by more than 12,000 persons between 1990 and 2000, a drop of 5%. A further decline of roughly an additional 1,000 persons was estimated by the Census Bureau by 2001. Between 1990 and 2000, only three of the 15 districts experienced small increases in total population. Total population declined in the other 12 districts.
- ❖ The region experienced a decline of about 5%, more than 3,000 persons, under the age of 18 between 1990 and 2000.
- ❖ The number of persons in the labor force within the region declined by 7% during the 1990s (a reduction of more than 8,700 individuals).
- ❖ Although the median household income increased in the region, when adjusted for inflation, actual purchasing power declined by about \$2,500 (6.7%) in Broome County during the 1990s, and by more than \$1,200 (3%) in Tioga County.
- ❖ The numbers of residents living below the poverty level increased by 12% regionally (by more than 2,900 persons) during the 1990s (though there was actually a slight 3% decline in poverty in the Tioga County districts, and a 14% increase in the Broome districts).

Project Methodology

- ❖ Of direct relevance to the ability of school districts to raise local property taxes, the assessed value of taxable real estate across the region has remained relatively stagnant in recent years. This measure of economic growth and new investment in the community actually declined in value during the late 1990s, before beginning to grow again in this decade. Even with the recent growth, expressed in terms of true valuation, the 2003-04 total of just over \$8.3 billion is only 6.7% higher than the regional total of about \$7.8 billion in 1997-98.

In order to meet the study objectives, CGR spent seven months carrying out a series of research analysis and field work tasks, including interviewing more than 250 individuals. Staff spent two to three days in each of the 15 Broome-Tioga districts, conducting in-depth interviews with the district superintendent, assistant superintendents, board representatives, school principals, teachers, union representatives, and parents. In addition, interviews were conducted with district staff primarily responsible for such functional areas as special education, staff development, central business operations, transportation, buildings and grounds, food services, purchasing, etc. These interviews focused on understanding the strengths of each district and how each carries out current operations; concerns expressed about district operations; current examples, and perceived strengths and limitations, of shared/collaborative services between districts; suggestions for new collaborative opportunities and/or future enhancement of existing shared services; and perceived pros and cons of various potential district reconfiguration options.

The districts actively supported the project and provided many ideas for improvement.

CGR was very pleased with the active support and encouragement shown by those interviewed during the project. Each district visit was productive and yielded useful information, insights and suggestions for future consideration. Virtually every person CGR interviewed offered positive suggestions and recognized the importance of addressing the key challenges facing the districts.

Interviews were also conducted with key BOCES staff, regional union representatives, staff of the New York State Education Department (SED), and various professional organizations with important ties to public education in the region (such as the NYS School Boards Association, the Association of School Business Officials, and the State Council of School Superintendents).

CGR also reviewed and analyzed extensive data supplied by the State Education Department and each district concerning expenditures and revenues, student enrollment and performance data, staffing patterns, curriculum offerings, facilities, and ways in which various services are currently provided. We also conducted several surveys to supplement data collected in our interviews. As a result of the extensive field visits and data analyses, we believe we have developed a fair and comprehensive understanding of each district and the many variables that define the state of public education in the region today, and the challenges facing the districts as they look to the future.

In order to provide a broader perspective for the development of options for local consideration—including helping to determine whether or not consolidating two or more districts or creating a single unified regional district would create efficiencies and improve educational opportunities—CGR researched actual school consolidations that have occurred over the last eight years within New York, and also examined four single-county districts located in four different states (Loudoun County, Virginia; Douglas County, Colorado; Manatee County, Florida; and Frederick County, Maryland). The county districts were selected from a larger national pool of countywide districts because these districts came as close as possible to the Broome-Tioga region in terms of total population; student enrollment; mix of small urban, suburban and rural areas; and land area.

Importance of Project Steering Committee

Throughout the study, CGR discussed approaches and preliminary findings with a project steering committee, which was created to provide ongoing project oversight and direction. The 10-person committee includes representatives of the BOCES and the regional School Boards Association, and of superintendents and board members from a cross-section of both the larger and smaller districts in the region. Districts from both Broome and Tioga counties are represented.

Where We Focused our Primary Attention

The steering committee recognized that the project timeline and budget required CGR to focus on providing the most useful ideas for sparking debate within the Broome-Tioga regional community about the future of public education, and that more study would likely be required to develop subsequent more detailed cost/

CGR focused on the most useful ideas for sparking debate.

The report describes cross-district collaborative opportunities to consider for the future.

Key Public Policy Assumptions

Policy Context #1 – Balancing Cost and Quality

Policy Context # 2 – Funding Public Education

benefit and funding analyses of various options. With that understanding, CGR undertook to develop and describe what our analyses indicated were the most promising opportunities for the community to consider, the rationale in support of those opportunities, and challenges involved in turning the opportunities into reality.

By design, this study was not intended to be an evaluation of the individual districts, or to focus on internal changes that could be made within specific districts. *The focus from the beginning was on cross-district collaborative opportunities.* Although we identified many model programs, operations, procedures and other strengths within each district, they are not the focus of this report. Instead, our charge was to identify what we—and those we met with throughout the study—believe to be the most promising opportunities to effect significant service-enhancing, cost-effective collaborative efforts that will help strengthen the overall use of educational resources throughout the region.

From the outset of this study, CGR found that a number of different expectations and concerns were being expressed in the community about the need to change public schools in the region. Since this report is intended to guide discussion about options for the future, CGR believes it is important to explain the public policy context within which our findings and options were developed.

CGR's task was not to simply identify ways to reduce costs of public education within the region or within individual school districts. Costs can always be reduced by taking actions such as reducing staff, increasing class size, eliminating programs, reducing salaries and/or benefits, etc. The challenge presented to CGR was to identify ways to reduce or reallocate expenditures or achieve other efficiencies while maintaining and/or improving the quality of education being provided in the public schools. Thus, CGR focused on identifying creative opportunities that could achieve both of these goals.

It is clear that a major impetus for this study came from sectors of the community that are very concerned about the negative impact of taxes in the region, in particular property taxes. However, the desire to reduce school property taxes needs to be discussed in the

larger context of the overall funding of public education, which is being debated at the state and national levels, and may ultimately be decided by the courts. These decisions are likely to have a significant impact on local school district property taxes as great as or greater than any of the operational changes identified in this report.

It is also important to know that only a handful of the more than 250 persons CGR interviewed expressed the opinion that too much is being spent on public education in the region. A number of individuals expressed concern that property taxes are too high. However, they do not necessarily want *overall* funding to the schools to be reduced. Many simply want to shift the source of school funding from property taxes to some other source—preferably state or federal funds.

Given these considerations, CGR focused on identifying opportunities that could achieve measurable cost reductions, reallocations and/or operating efficiencies, regardless of whether the savings would primarily benefit taxpayers at the local, state or federal levels. We attempted to focus on the impact of various options on the potential to reduce local property taxes, but were not limited only by such considerations. CGR assumed that a dollar saved could either be used to reduce taxes at some level (local, state or federal), or could be used by the districts to enhance programs.

Policy Context # 3 – Building
Creative Partnerships

Two strong themes were expressed in the interviews throughout all districts and interest groups: Changes will require breaking old patterns, but in order to be successful, the community will have to work together in new ways. Employees of the districts will need to play an active role in creating changes that will benefit the overall public education system in the long run. Districts and local municipalities will need to build creative partnerships to reduce operating costs. Staffing reductions may occur over time as a result of operational changes, but such reductions can be achieved through attrition if included in an overall plan for systems change. With that background, CGR did not focus on short-term reductions of staff, salaries or benefits solely for the purpose of reducing costs.

Policy Context #4 –
Acknowledging that Differences
are a Barrier to Change

CGR is convinced from our analyses that the biggest barrier to making significant changes in the region is the desire of each of the 15 school district communities to retain its own unique identity. The nearly 200-year history of communities within the region is clearly a mixed blessing. It is a blessing because the area offers many diverse lifestyles and opportunities built around communities that have evolved with distinct personalities, interests and expectations. However, a negative consequence of this history occurs when school district communities use this diversity to resist change and/or to compete for scarce resources against other districts in the region.

The school districts exemplify both the benefits and costs of this inter-community competition. Individual school districts exist, and are managed by the boards and professional staff, to provide the best services within the district that the community is willing to financially support. The problem is that school district boundaries are artificial creations based upon historical precedent. Thus, while individual districts make resource allocation decisions that are rational and efficient from the perspective of the district, they are not necessarily efficient from the perspective of the larger region.

The Focus and the Challenge

Local educational leaders responded to the variety of concerns by proposing, and initiating funding for, this study to examine cross-district solutions to rising costs. The study was enthusiastically supported editorially by the local press, and financially by local foundations, with matching state support.

In the context of the concerns about the declining social and economic status of the region, it was important to focus this study not on individual school districts, but rather on potential cross-district, region-wide issues facing the educational community, and the potential for creating cost-savings and program/service enhancements that transcend individual district boundaries. With that background, CGR has not tried to identify the specific benefits of any changes to each individual district. Savings may not be equally distributed across districts, but we have focused by design on the region as a whole, under the assumption that resources saved anywhere will benefit the entire region.

From the beginning of the study, there have been strong proponents of the status quo and of limited change—advocates who argue that the current system works well and that students within the region’s different districts receive high quality education at reasonable costs, and that districts are able to tailor their programs and services to the specific needs and wishes of their residents. On the other hand, there have also been strong proponents of the need for change, and to consider efficiencies and opportunities to collaborate more effectively across districts (or even to reduce the number of districts), while building on the acknowledged strengths that currently exist. Such proponents of change have typically advocated expanding and strengthening services in underserved districts while finding ways to provide services more cost effectively, thereby helping to reduce overall educational costs, and/or to redistribute resources to ensure that educational dollars are being spent most efficiently and with the greatest impact on students and taxpayers throughout the region.

The challenge for CGR was to develop a report that would provide a balanced perspective on the issues and opportunities that will enable the community as a whole to make more informed decisions about how to best spend its educational dollars to reduce unnecessary expenditures and to enhance educational outcomes for the greatest numbers of students in the future.

Boundaries and Barriers to Change

The Broome-Tioga region has many strong school districts and typically high levels of academic achievement by most of its students. However, many proponents of this study wondered whether there are ways to think more creatively, beyond boundaries, about potential new approaches—approaches that could improve educational programs and administrative support services, while reducing costs and freeing up resources that could be reallocated to programs or new initiatives with the probability of higher returns on their investments.

Boundaries to constructive change are often geographical, but they also include mindsets and historical ways of thinking about issues that are limiting and resistant to change; fiscal barriers; boundaries within and across functional service areas; and barriers based on differing expectations of residents of different school districts. From the beginning of the study, a significant part of the challenge

was to find ways to build on the strengths of existing districts, while at the same time seeking to find solutions and new ways of doing things that transcend traditional boundaries and approaches.

Across the region, school districts typically have competed with each other, both explicitly and implicitly, to attract and retain the best teachers; to reach the highest levels of academic achievement and athletic performance; to maintain the best, most modern facilities; and to do all this while keeping tax rates and levies as low as possible, compared with neighboring districts. Such competition, and the desire to excel on various measures when compared with other districts, is not likely to recede. Nor should districts or schools cease striving to be the best they can possibly be on a variety of measures. But, to some extent, the competitive environment has not been conducive to the development of the most efficient cost structure for public education across the entire region.

It is the central thesis of this report that if the districts can figure out ways to work together to share their strengths and commit to centrally managing selected common operations that are not directly involved in district-based instruction, then the districts will be able to save significant amounts of money while also strengthening service delivery. *The challenge facing the region's 15 districts involves thinking and acting more aggressively in ways that benefit the region as a whole, as well as the specific interests of the individual districts.*

The report focuses on potential solutions that transcend existing boundaries, but can be accomplished while retaining the existing district structure.

As will be seen throughout this report, we advocate regional, or sub-regional, ways of thinking about a number of issues that transcend district-specific solutions. But thinking and acting more broadly does not necessarily mean building new regional superstructures to accomplish regional objectives. Examples and scenarios are offered throughout the report that advance multi-district, regional or sub-regional solutions to problems, but that assume the continuation of existing school districts and do not necessarily assume the need for creating a regional superstructure.

CHAPTER 2 – FINDINGS

In order for the community to assess the extent to which any changes made in the future are likely to achieve the twin goals of reducing costs and maintaining or improving the quality of education across the region, CGR developed a profile of public education in the community as it exists today. We used both quantitative information available from local, state and federal sources, and qualitative information based upon interviews and surveys. Also included in this chapter are summaries of CGR’s research about school district mergers and large single-county districts. The key findings that CGR believes will prove useful in a community-wide debate about changing public schools in the region are outlined in this chapter.

Finding 1: Profiles of Districts Vary Considerably

In keeping with the study’s intent to focus not on individual districts, but rather on regional, cross-district issues and potential collaborative solutions, we rarely present data in this report directly comparing profiles of all 15 districts in the Broome-Tioga (B-T) region. However, it is instructive to subsequent discussions throughout the report to provide a narrative summary of the overall regional profile of the districts, indicating the extent to which the districts are similar or different on various statistical dimensions. (Websites and other sources of data referenced in the report are identified in a bibliography at the end of the document.)

Size and Geography

The 15 districts vary widely in geographic size, density and urban-suburban-rural composition. These differences have significant implications for distances and times students must travel to get to and from school each day, and potentially impact on the extent to which it is feasible to consider sharing teachers or classes across districts, the feasibility of creating viable region-wide academic programs, efficient bus routing, the potential for sharing staff performing similar functions across districts, etc. The diversity of the districts is illustrated by the following:

- ❖ The largest district in the region in terms of geography is 20 times larger than the smallest: from 12 square miles in the smallest district to 240 square miles in the largest. Three districts in the central urbanized core of the region are the only districts with 30

square miles or fewer. The districts at the western, northern and eastern-most parts of the region are the largest: four are each larger than 100 square miles, with three others each between 90 and 95 square miles in size. The remaining districts in the south-central portion of the valley region typically range in size from about 50 to 75 square miles. (A regional map at the end of the report shows relative sizes and location of each district.)

- ❖ Comparing the square-mileage numbers with the numbers of students enrolled in each district yields a range between 536 students per square mile in the highest-density district and just over 100 in a neighboring district, to as few as six students per square mile in two districts (and about 25 or less in six others). These variations in district size, locations and densities have significant implications for the potential for sharing services and staff, bus routing strategies, and merging districts and/or developing sub-regional strategies for delivery of selected services—issues addressed throughout the remainder of the report.
- ❖ The districts also vary widely in terms of the concentrations and cohesiveness of the communities they serve. Three districts each serve students from one or two primary jurisdictions. By contrast, two districts serve students from nine and 11 separate towns, respectively. Across the region, the average district serves students from 5.2 different jurisdictions.
- ❖ Nineteen towns throughout the Broome-Tioga BOCES region are served by at least two different school districts, including 13 served by at least three districts—and four towns split between either four or five different districts. Portions of six separate counties are served by districts located in the B-T region. Such variations can have significant implications for the sense of community and historical loyalties—and rivalries—that exist within and between districts. In many cases, the school district, or even an individual school building, becomes the de facto community center for residents of particular geographic areas. Many districts have boundaries with little inherent or intuitive logic behind them in terms of current realities, and would not be constituted in the same way if they were being organized from scratch today. But the reality is that their historic configurations have over the years become major barriers to opportunities for

Significant differences in geographic size and density across districts suggest varying sub-regional solutions to various issues.

Artificial historical boundaries have split towns between multiple school districts, and the resulting districts have created communities, loyalties and rivalries that create barriers to change.

Characteristics of Population

significant reorganization, efficiencies or realignment of functional service delivery approaches across the region.

As with size and geography, the 15 districts differ considerably on a number of social and economic characteristics. These characteristics suggest affinities between some districts, significant differences between others, on such dimensions as racial/ethnic diversity, economic resources, educational background, expectations of and active support for public education, etc. Among the most significant factors that characterize districts are the following:

- ❖ As noted in Chapter 1, only three districts experienced increases in their total population between 1990 and 2000. The largest of those increases over the past 10 years was 339 individuals in one district. By contrast, the other 12 districts all lost population, including four that each lost about 1,500 or more residents during the decade.
- ❖ The overall population within the region is predominantly white/Caucasian, with only three districts having a white population in 2000 of less than 90%. Ten of the remaining districts had white populations of 95% or greater in 2000.
- ❖ Throughout the region, about 16% of the overall population in 2000 were 65 or older. The proportions ranged from as low as 10 to 11 percent in five districts to 19% and 21% in the two “oldest” districts. In six of the districts, at least one of every six residents is 65 or older, which may have implications for future support of school budgets in those districts.
- ❖ English spoken as a second language is a significant factor among the populations served by several districts, with relatively little impact on others. The proportions of the population with English as a second language range from 15% and 9.5% in two districts to as low as about 1 or 2 percent in three others. The other districts ranged between about 3 and 7 percent.
- ❖ Homeownership ranges from a low of 38% of all housing units in one district to highs of 83% and 80% in two others. In six other districts, 75% or more of the housing units are owned by the occupants. One district is unique within the region in having almost one-third of its housing units unoccupied during a significant portion of the year.

In six districts, at least one of every six residents is 65+.

Buying power has declined in districts throughout the region.

- ❖ Median household income, as reported in the 2000 Census, ranged from a high of \$52,216 in one district to lows of \$25,948 and \$29,704 in two others. Five districts had median incomes between \$40,000 and \$45,000, with the remainder between \$30,000 and just under \$40,000. However, in only one district did actual purchasing power increase during the 1990s, when adjusted for inflation.
- ❖ Poverty rates ranged from 23% of the population in one district to 6% or less in two. Despite reductions in overall population between 1990 and 2000 in all but three of the districts in the region, the numbers of residents living in poverty *increased* everywhere except in three districts.
- ❖ Among students on free or reduced lunch, eligible proportions ranged in 2002-03 from a high of 53% to lows of 9% and 11% in two districts.
- ❖ Among adults 25 and older, formal education levels vary considerably among districts. Between 20% and 25% of the adults in three districts do not have a high school degree. Most of the districts were in the 11 to 16 percent range, with the lowest at about 7%. Conversely, in three districts, at least 25% of the adults had a bachelor's degree or higher, and in four others between 21% and 24% had at least a bachelor's degree. In five districts, 13% or fewer of the adult population had a bachelor's degree. These differences in levels of educational attainment may have significant implications for the expectations placed on, and degrees of public support for, those districts.

Significant differences between districts in household income and educational attainment help create different expectations and levels of support for public education.

District Education Profile

The 15 districts also are significantly different in size of student enrollment, budgets, local and state resources applied to public education, staff resources, and levels of student achievement. Some of the key factors include:

Student enrollments have been declining in most districts. Four districts have fewer than 1,500 students, including one with less than 750.

- ❖ 2003-04 district enrollments ranged from lows of 739 and 1,042 (with two other districts also under 1,500 students) to a high of 6,402 (two other districts were also each above 4,000). The enrollments of the other eight districts ranged between about 1,800 and 2,800. The median district size was 2,069. Only two districts had higher student enrollments in 2003-04 than they had had in 1997-98. Four other districts had maintained relatively stable enrollments over that time, losing fewer than 100 students

Proportions of classified students with disabilities vary widely between districts in the region.

and less than 3% of their enrollment, compared with 1997-98. By contrast, enrollments in six districts had declined by more than 10% since 1997-98.

- ❖ The proportion of students who are classified as students with disabilities ranges from about 7% in one district to 19% in another, with several districts between 16 and 17 percent.
- ❖ As noted earlier, assessed value of taxable real estate, expressed in terms of true valuation, increased a modest 6.7% across the region in the six years between 1997-98 and 2003-04. Four districts experienced modest single-digit growth in true valuation during those years, and two districts actually lost value. Six districts experienced growth over the six years in the 11% to 17.5% range (five of those between 11 and 14 percent, or roughly 2% per year). Three districts experienced true valuation growth over that period of 20% or more, topped by the 33% growth in one district.
- ❖ 2003-04 district budgets ranged from under \$11 million in the smallest district and just under \$12 million in two others to more than \$63 million in the largest district (two others were in the \$50 million range). In 2003-04, budgets were at least 22% higher than in 1997-98 in every district but one, where the increase was 13%. In eight of the districts, budgets were between 30% and 38% higher in 2003-04 than six years earlier.
- ❖ During that same period, local property tax levies increased by as little as 4% in one district to more than 50% in two others, with an overall median increase across all 15 districts of 26.5%. Tax rates on true value increased between 1997-98 and 2003-04 in 12 districts, with declines in tax rates registered in only three districts.
- ❖ Gross State aid during those years increased by at least 25% in all but two districts—with increases of 8% and 14%, respectively—and by as much as 64% to 72.5% in three districts. (Basic State aid, not including aid for buildings, increased at somewhat lower rates for most districts during those years, though such aid increased by at least 25% in all but three districts.) In eight of the 15 districts, gross State aid increased by at least 40% between 1997-98 and 2003-04. Total State aid as a proportion of the total district budget ranged in 2003-04 from 31% in one district to between 71% and 75.5% in three others. State aid represented more than 50% of the budget in nine of the 15 districts in 2003-04.

State aid has increased more rapidly than local property taxes as a source of revenues in most districts. In recent years State aid has accounted for the majority of the revenues in most districts. Nonetheless, property tax rates have increased in 12 of 15 regional districts.

- ❖ The number of students per teacher in 2002-03 (most recent year for which data are available) ranged between a low of 11 in one district to 13.7 in three districts. The median was 12.8.
- ❖ Academic achievement levels, though generally relatively high in most measures across the region, vary considerably across districts on different standardized tests. On 4th-grade ELA standard tests, the median percentage of students meeting or exceeding minimum standards across 15 districts (2001-02) was 70%, ranging from a low of 52% to a high of 84%. On the 4th-grade Math tests, the median was 82%, with a low of 65% and a high of 87% in two districts and 86% in two others. As is true statewide, achievement levels on 8th-grade tests were lower: a median of 55% on the ELA test (range from 33% to 71%), and a median of 56% on Math (range from 42% to 75%). More encouragingly, 8th-grade scores, especially on Math, have typically been increasing in most districts.
- ❖ The vast majority of graduates in the region earn Regents diplomas, with a high in 2002-03 of 83% in one district and one district below 50% (69% in the median district). The proportions have increased in recent years in most districts.

Implications for the Region

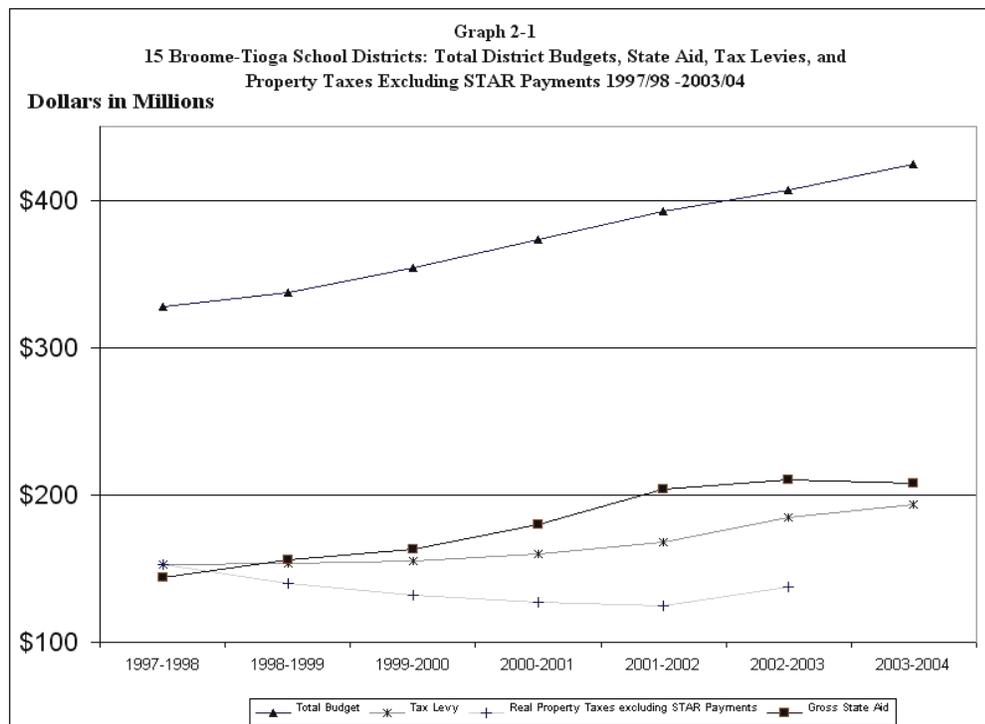
There are many strengths within the region, as well as significant differences between districts on a number of dimensions which make potential mergers and collaborative efforts difficult. At the same time, declining populations and student enrollments in most districts—coupled with declining personal economic resources and relatively flat growth in assessed value of taxable real estate in those districts—would seem to create an imperative for districts to strengthen their existing efforts to operate more efficiently and to find collaborative ways across districts to conserve resources and maintain or strengthen services without increasing costs.

Finding 2: Big Increases in Region's Education Spending—Heavily Funded by State

Public education at the elementary and secondary levels in the Broome-Tioga BOCES region is a big business. As shown in Graph 2-1 on the next page, the total of the 15 district budgets exceeded \$400 million for the first time in 2002-03, and had risen to more than \$424 million in the 2003-04 school year, a 29% increase of more than \$96 million just since 1997-98. As noted earlier, all the individual district budgets increased during these years, most by 30% or more, and all but three by at least 25%. During the same years, the core portion of the budgets, the Approved Operating Expenses (AOE), increased at a slightly

slower rate of about 24%. The AOE typically represents between 75 and 80 percent of the annual budget totals. (Detailed tables showing various measures discussed in this chapter are presented in a separate appendix available upon request. In addition, sources of the data are noted in a bibliography at the end of the report for those wishing to access data on their own.)

Public education is a big business in the Broome-Tioga region. 15 districts spent \$424 million in 2003-04—up 29% in six years.



Source: Broome-Tioga School Boards Association Annual Data Summaries, and NYS Comptroller

Each year, between about 90% and 95% of the public school budgets in the region are paid for from two primary sources: State aid and local property taxes.² As shown in the graph, in 1997-98, about \$152.9 million (about 47% of the region's cumulative public education budget for that year) was raised by local property tax levies, compared with about \$144.1 million (44%) from State aid. By the following year, State aid had increased by more than \$11.5 million to \$155.7 million, surpassing the property tax levies of \$153.8 million. Each year since then, State aid has funded the largest share of annual regional public education costs. *Across the*

State aid has surpassed property tax levies as the primary source of revenues supporting local public education.

² The remaining revenues include federal funds, which have increased by several million dollars in the region since the late 1990s, payments in lieu of taxes, district fund balances, miscellaneous fees, etc.

region, State aid increased by 44% between 1997-98 and 2003-04 (to more than \$200 million in recent years), compared with a 26.6% increase in the cumulative property tax levies during those years.

Basic State Aid typically accounts for between 75% and 80% of all State aid each year (e.g., it does not include State building aid). This has represented a 33% increase in recent years, to more than \$150 million in each of the past three years for which data were available.

The State impact on paying for public education in the region is understated by the gross State aid figures shown in the graph. Even though the true value tax rate for homeowners has increased over time in most districts, much of that increase has been mitigated by the State's STAR tax relief program, which since the late 1990s has enabled net real property taxes, i.e., the taxes actually paid by homeowners, to decline by more than 10% since 1997-98.

Implications for the Region

Although the impact of property tax levies and rates varies by district, and clearly taxpayers have been active in voting down some school budgets within the region in recent years, *the reality is that many taxpayers pay less in school taxes now than they did five or six years ago, pre-STAR. The State has increasingly assumed a greater share of the burden in recent years of paying for public education in the Broome-Tioga region.*

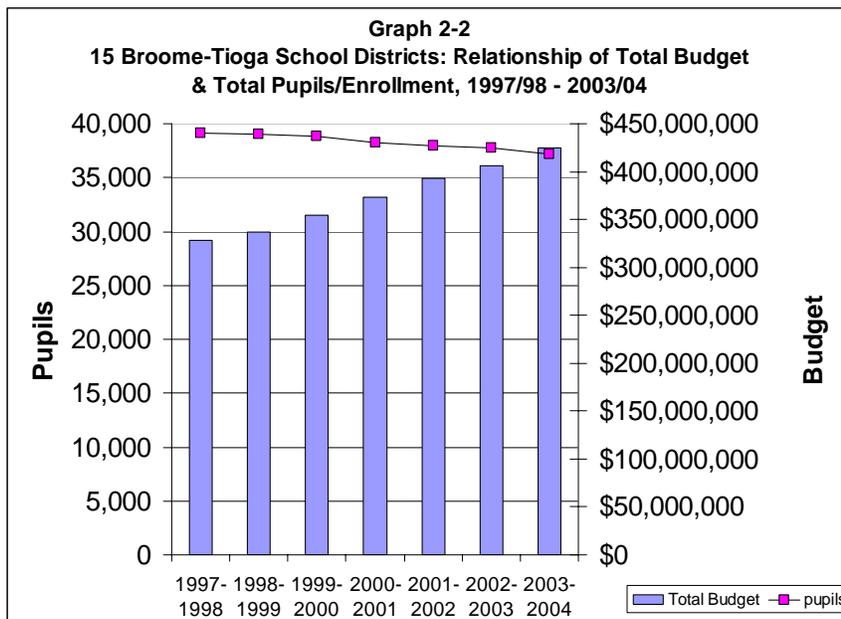
Nonetheless, lest local taxpayers assume these recent trends will automatically continue, it should be noted that the region's property tax payments, after factoring in the STAR tax relief, actually increased for the first time since the introduction of STAR by more than \$12 million in 2002-03 (the last year for which data were available from the NYS Comptroller), and 2003-04 State aid declined across the region by about \$2 million from the previous year (see Graph 2-1).

With the future of State funding for public schools still unresolved by the Governor and State legislature, it is premature to speculate about the amounts of State aid likely to be available to Broome-Tioga area schools in the future. As a result, there is continuing demand for school districts to control costs and seek opportunities to work together to create efficiencies.

The rate of growth in State education aid to the region has slowed in the past two or three years, and there are no guarantees that the region will continue to receive past levels of support in the future.

Finding 3: Public School Spending Has Increased as Enrollments Have Declined

As noted earlier, public school budgets in the region increased by about \$96 million, or 29%, between 1997-98 and 2003-04. These increases occurred at the same time as public school enrollments were declining region-wide by more than 1,950 students—a 5% decline from 39,090 students six years ago to 37,135 in 2003-04. The contrasting trends are reflected in Graph 2-2 below.



District budgets region-wide increased 29% while enrollments declined by 5%.

Source: Broome-Tioga School Boards Association Annual Data Summaries

As noted above, only two districts in 2003-04 had higher student enrollments than they had six years earlier, and yet all districts experienced budget increases during those years.

Significant Drivers of Cost Increases

District officials noted that costs had continued to rise as enrollments fell for a number of reasons, including the added costs of special education inclusion, rising salaries and health insurance costs, and increased federal and State standards. Table 2-1 below presents data from the State Comptroller which indicate large categories of expenditures that experienced significant actual dollar and percentage increases between 1997-98 and 2002-03, the last year for which the data were available.

These broad categories accounted for more than 75% of the total costs of elementary and secondary public school education in the Broome-Tioga region in 2002-03. During the comparison years, costs of teachers increased by an average of 5% per year.

Although \$134.8 million of the \$149.7 million 2002-03 costs for teachers were funded by State and local dollars, 10% of the total (\$14.9 million) was funded through federal programs, an \$8.1 million increase over five years earlier (+119.5%). Thus 27% of the increases in teaching resources were federally funded. (See further discussion of staffing issues below.)

TABLE 2-1
15 Broome-Tioga School District Summary:
Increases in Major Cost Categories, 1997/98 – 2002/03

| Cost Category | 1997-98 | 2002-03 | \$ Increase | % Increase |
|-------------------------------|----------------|----------------|--------------------|-------------------|
| Teaching – Regular Schools | \$119,574,827 | \$149,733,373 | \$30,158,546 | 25.2 |
| Handicapped Student Program | 33,575,555 | 50,373,150 | 16,797,595 | 50.0 |
| Hospital/Medical Insurance | 28,194,199 | 50,031,504 | 21,837,305 | 77.4 |
| Total Plant Operation | 19,535,032 | 23,820,192 | 4,285,160 | 21.9 |
| Total Plant Maintenance | 5,530,393 | 6,933,819 | 1,403,426 | 25.4 |
| District Transportation | 13,953,024 | 16,538,826 | 2,585,802 | 18.5 |
| Total Supervision Regular | 10,763,796 | 12,478,216 | 1,714,420 | 15.9 |
| Computer-Assisted Instruction | 3,902,430 | 6,206,714 | 2,304,284 | 59.0 |
| Central Data Processing | 3,385,135 | 4,856,926 | 1,471,491 | 43.5 |

Source: NYS Comptroller

The largest broad academic programmatic area affecting area students, other than regular teaching, is the students with disabilities/handicapped student program. In just five years, the costs of programs and services in that area increased by 50%, to more than \$50 million. As with the overall teaching category, a relatively small proportion of the total (\$6.6 million, or 13%) was funded through federal resources, but that amount was almost quadruple the \$1.7 million of federal support five years earlier. Thus 29% of the increased expenditures in this area were federally

funded. The area of special education/students with disabilities receives much more attention later in the report.

The costs of health insurance increased dramatically in five years—a 77% increase to more than \$50 million. As such, the potential for cost savings in this area is discussed in more detail in a subsequent section.

Plant operations and maintenance combined cost districts within the region more than \$30 million in 2002-03, an increase of almost \$5.7 million in five years. Accordingly, it too is addressed in more detail in a subsequent section later in this chapter. Transportation of students, which cost districts across the region more than \$16.5 million in 2002-03, increased by about \$2.6 million over five years earlier. Ways to create efficiencies in that area are also discussed later in the chapter.

Changes in Staffing Across the Region

Non-teaching staff increases

Most of the growth in staff in local schools in recent years has involved non-teaching staff.

As shown in Table 2-2 below, increases in key staffing categories occurred during the same years student enrollment has declined, although most of the increases have been relatively small in scale.

Out of a total of 745 additional staff positions added to the districts between 1997-98 and 2002-03, 513 of the net additions (69%) involved non-teaching staff. Non-teaching staff grew at more than twice the rate of teaching staff (18% vs. 8%, respectively). Detailed breakdowns of those staff by functional areas were not available.

Two districts experienced a small net loss of staff, while all others added at least some new positions between 1997-98 and 2002-03. Three districts had overall staff increases of 25% or more. Those three, plus two others, increased non-teaching staff by 30% or more. During that time, four other districts made small reductions in non-teaching staff.

TABLE 2-2
15 Broome-Tioga School District Summary:
Increases in Selected Staff Categories, 1997/98 – 2002/03

| Staffing Category | 1997-98 | 2002-03 | # Increase | % Increase |
|--------------------------------|---------|---------|------------|------------|
| Total Staff | 5,592 | 6,337 | 745 | 13.3 |
| FTE Teachers | 2,757 | 2,989 | 232 | 8.4 |
| Non-Teaching Staff | 2,835 | 3,348 | 513 | 18.1 |
| Instructional Aides | 554 | 820 | 266 | 47.9 |
| District Administrators | 44 | 52 | 8 | 19.2 |
| Administrative Support Staff | 335 | 356 | 21 | 6.4 |
| School Administrators | 94 | 105 | 11 | 11.6 |
| School Administrative Supports | 35 | 36 | 1 | 2.3 |

Source: National Center for Educational Statistics

Staff increases related to special education

Many of the increases in non-teaching staff were instructional aides. In 2002-03, there were 48% more aides working in district schools than had been the case five years earlier. Eleven of the 15 districts increased the number of aides, often significantly. In particular, two districts more than tripled the number of aides, and two others increased their aides by 75 to 80 percent, respectively. Although there is no way to tell from these data, it seems likely from other information obtained during the study that many of these aides have been used to enhance services for students with disabilities, as discussed in more detail below. Similarly, data discussed in Finding 8 later in this chapter indicate that most of the increases in numbers of teachers across the region were attributable to hiring additional special education teachers.

Few increases in core teaching positions

Except for special education positions, there has been little change region-wide in numbers of teaching positions. Still, each district now has fewer pupils per teacher than in the late 1990s.

Thus, relatively few non-special education teaching positions have been added across the region in the past five years. Moreover, it should be noted that most of the increase in numbers of teachers actually occurred between 1997-98 and 2000-01, with few overall changes region-wide since then (although the regional totals hide the fact that several districts have added positions while others have reduced their numbers of teachers during this period). It should be noted that the 8% net growth in numbers of teachers is lower than the 25% rate of increase in teaching expenditures (see Table 2-1), suggesting that most of the increases in teacher costs were related to added salaries and benefits, rather than adding new teaching staff. Possible implications for finding ways to control costs of benefits such as health insurance are discussed later in the report.

The net effect of the slight increases in numbers of teaching staff, coupled with the reductions in numbers of students, is that each district in the region now has fewer pupils per teacher than was the case in 1997-98. Across the region since that time, the median number of students per teacher across districts dropped by almost two students per teacher, from 14.6 to 12.8 in 2002-03. In most districts, the reduction was on the order of between one and two students per teacher. In three districts, the reductions were larger: 3.2, 2.8 and 2.7, respectively. In one of those, the reduction was attributable to the region's largest proportionate increase in teacher positions during that period (24%, or 40 new teaching positions); in another, the reduction was a function of a combination of more teachers and fewer students; and in the third, it was primarily due to fewer students.

Increases in administrative positions

One of the largest proportionate staffing increases was in the district administrator category, with a 19% increase between 1997-98 and 2002-03. That proportion is somewhat deceptive, as it only represents an increase of eight positions. Moreover, there may have been some inconsistencies from year to year and from district to district in definitions used when designating numbers of administrators and administrative support staff. Nonetheless, even factoring in such inconsistencies, the increases, and the differences in numbers of administrators across districts of comparable sizes, at least raise some questions as to the numbers of administrators appropriate for various size districts, and the

support staff needed to operate a district efficiently. Since CGR was not evaluating individual districts, we are in no position to comment on district-specific staffing configurations. However, *it should be noted that the number of students per district administrators in the 15 B-T districts ranged from as low as 333 to more than 1,100 (with an average of 733 region-wide). Total staff per district administrators ranged between 47 and 180 (with a regional average of 138). Some districts in the future may wish to more closely examine allocation of staffing responsibilities, depending on the extent to which efficiency options suggested later in the report are or are not adopted throughout the region.*

Implications for the Region

The above cost and staffing findings and related issues have implications for subsequent discussions, later in the report, of the relative advantages and disadvantages of creating a single regional school district, and for potential ways to reduce costs through other approaches to sharing various functional services across districts.

Finding 4: B-T Districts Are Sharing Some Services; Potential to do Much More

Districts in the region are already involved in significant collaborative service-sharing efforts.

In a survey conducted early in the study, each of the 15 districts was asked to indicate how a variety of central administrative and instructional support services are provided within the district at the current time. Districts were asked to indicate which services are provided by internal district staff, through the Broome-Tioga or other BOCES, in collaboration with other school district(s) and/or municipalities, and through private contractors. Districts could, and often did, check more than one response for specific services. The matrix summarizing responses is presented on the next two pages as Table 2-3. It indicates the number of the 15 districts which checked each service provision method for each of the categories of services/functions. While certainly not providing definitive data about how services are provided, given definitional and interpretation issues across districts, the matrix illustrates the variety of approaches currently used, and indicates that *a significant amount of service sharing is already in place within the region.*

Almost none of the services appear to be provided in every district exclusively by district staff alone. The function that appears to come closest to that is Records Management, which is carried out by staff in each district, with only very limited support in one or two districts from BOCES and a private contractor.

Table 2-3
Number of Districts Providing Various Administrative Support Services Through Various Approvals

| Type of Service by Category | WHO Provides the Services - Can Be More Than One | | | | | |
|--|--|--------|-------------|----------|------------|-----------|
| | District | Broome | Other | Other | Other | Private |
| | Staff | Tioga | BOCES | School | Municipal- | Contract- |
| | BOCES | | District(s) | ity(ies) | or(s) | |
| CENTRAL SERVICES | | | | | | |
| Attendance | 14 | 4 | 0 | 0 | 0 | 1 |
| Automated Library Management | 6 | 13 | 0 | 0 | 0 | 1 |
| Central A-V Library | 8 | 14 | 0 | 0 | 0 | 1 |
| Community Relations(PR) | 13 | 6 | 0 | 0 | 0 | 1 |
| Computer Services | 11 | 15 | 1 | 0 | 0 | 3 |
| Computerized Testing Services | 5 | 15 | 0 | 1 | 0 | 1 |
| Copying Services | 11 | 13 | 0 | 0 | 0 | 1 |
| Financial Planning | 11 | 6 | 5 | 0 | 0 | 5 |
| Food Service | 14 | 6 | 0 | 0 | 0 | 1 |
| Grant Writers | 10 | 14 | 0 | 1 | 1 | 1 |
| Joint Purchasing through Co-Op Bids | 5 | 13 | 3 | 7 | 7 | 2 |
| Labor Relations | 11 | 5 | 2 | 1 | 0 | 6 |
| Legal Services | 2 | 0 | 1 | 0 | 0 | 15 |
| Medicare/Medicaid Processing | 11 | 4 | 0 | 0 | 0 | 9 |
| Negotiations | 12 | 2 | 2 | 1 | 0 | 7 |
| Payroll | 14 | 9 | 0 | 0 | 0 | 2 |
| Printing Services | 7 | 11 | 9 | 0 | 0 | 8 |
| Records Management | 15 | 1 | 1 | 0 | 0 | 1 |
| School Tax Collection | 14 | 0 | 0 | 0 | 2 | 4 |
| State Aid | 13 | 5 | 7 | 0 | 0 | 2 |
| Student Scheduling | 15 | 6 | 0 | 0 | 0 | 1 |
| Teacher Recruitment | 14 | 10 | 0 | 0 | 1 | 2 |
| Utilities - Electricity | 8 | 2 | 2 | 0 | 4 | 7 |
| Utilities - Natural Gas | 7 | 2 | 2 | 0 | 1 | 5 |
| Utilities - Telephone | 7 | 12 | 0 | 0 | 0 | 6 |
| INSTRUCTIONAL SUPPORT SERVICES | | | | | | |
| Adult Education Programs | 4 | 9 | 0 | 0 | 1 | 1 |
| Alternative Schools for At-Risk Students | 4 | 15 | 0 | 0 | 0 | 1 |
| Arts Enrichment Programs | 8 | 15 | 0 | 1 | 0 | 3 |
| Audiology and Speech Services | 14 | 11 | 0 | 0 | 0 | 5 |
| A-V Equipment Repair Services | 6 | 15 | 0 | 0 | 0 | 1 |
| Career and Technical Courses | 5 | 15 | 0 | 0 | 0 | 1 |
| Career Counseling | 15 | 7 | 0 | 0 | 0 | 1 |
| Computer Network Installation | 12 | 12 | 1 | 0 | 0 | 3 |
| Computer Repair Services | 11 | 14 | 0 | 0 | 0 | 1 |
| Computers/Network Maintenance | 11 | 13 | 0 | 0 | 0 | 1 |
| Distance Learning | 6 | 14 | 1 | 1 | 0 | 1 |
| Drivers Education Programs | 8 | 8 | 0 | 0 | 0 | 1 |
| English as Second Language | 6 | 10 | 0 | 0 | 0 | 1 |
| Film/Video Services | 5 | 12 | 1 | 0 | 0 | 1 |
| Imaging and Graphics Services | 6 | 7 | 0 | 0 | 0 | 2 |
| Interdistrict Student Transfer Programs | 6 | 2 | 0 | 2 | 0 | 1 |
| Multi-Media Library Service | 7 | 14 | 0 | 1 | 0 | 1 |
| Pre-K Programs | 7 | 2 | 0 | 0 | 1 | 6 |
| Reading Recover Program | 10 | 10 | 0 | 1 | 0 | 1 |
| School to Career Internships | 5 | 11 | 0 | 0 | 0 | 2 |
| Science & Tech Enrichment Programs | 10 | 10 | 0 | 0 | 0 | 2 |
| Staff and Curriculum Support Services | 12 | 15 | 1 | 2 | 0 | 5 |
| Students with Disabilities | 13 | 15 | 3 | 2 | 1 | 3 |

| Type of Service by Category | WHO Provides the Services - Can Be More Than One | | | | | |
|--|--|--------|-------|-------------|------------|-----------|
| | District | Broome | Other | Other | Other | Private |
| | Staff | Tioga | BOCES | School | Municipal- | Contract- |
| | | BOCES | | District(s) | ity(ies) | or(s) |
| INSURANCE | | | | | | |
| Dental | 6 | 0 | 0 | 2 | 0 | 11 |
| Health | 5 | 2 | 1 | 8 | 1 | 9 |
| Property and Liability Insurance | 6 | 0 | 0 | 2 | 0 | 11 |
| Worker's Compensation | 6 | 2 | 0 | 7 | 0 | 7 |
| OPERATIONS & MAINTENANCE | | | | | | |
| Building Planning/Construction | 12 | 1 | 0 | 0 | 0 | 12 |
| Energy Performance Contracts | 3 | 0 | 0 | 0 | 0 | 5 |
| Facilities Maintenance | 15 | 0 | 0 | 0 | 0 | 5 |
| Health, Safety, Risk Management Services | 10 | 4 | 10 | 2 | 1 | 3 |
| Joint Facilities Use | 8 | 8 | 1 | 2 | 2 | 2 |
| Joint Purchasing through Co-Op Bids | 7 | 8 | 4 | 4 | 5 | 2 |
| Shared Equipment | 4 | 3 | 0 | 2 | 1 | 2 |
| Shared Fueling Sites | 4 | 0 | 0 | 0 | 1 | 2 |
| Shared Vehicle Storage/Maintenance | 3 | 0 | 0 | 0 | 0 | 1 |
| TRANSPORTATION | | | | | | |
| Shared Routing | 9 | 1 | 0 | 5 | 0 | 3 |
| Transportation - After School | 14 | 0 | 0 | 1 | 0 | 3 |
| Transportation - Regular School Routes | 14 | 0 | 0 | 1 | 0 | 3 |
| Transportation - Special Ed/Other | 14 | 1 | 0 | 7 | 0 | 6 |

Source: CGR survey of 15 B-T districts.

In a few selected services/functions, significant numbers of the districts contract for some or all of the needed services. Services most likely to be contracted out appear to focus around legal, labor relations and negotiations services, as well as insurance matters. In addition, some districts enter into contractual arrangements for selected operations and maintenance/construction-related functions, with some limited involvement in selected transportation-related services.

BOCES Support Services are Widely Used by Districts

For most of the services, the B-T BOCES provides support for at least some, and in a few cases all, of the 15 member districts. In a few cases, districts purchase services from another BOCES that provides a service not available from the B-T BOCES.

Though BOCES services are widely used, each service is rarely used by all B-T districts.

Although the B-T BOCES is heavily involved in the provision of a number of support services to a significant number of its constituent districts, the matrix indicates that it rarely provides a specific service to all 15 districts. Clearly the decision to use BOCES services or not is up to each district, and each district presumably makes each decision based on its own circumstances and what makes most sense given its needs and resources. Nonetheless, the data in the matrix at least raise the question as to whether greater use could be made of particular BOCES services

by greater numbers of districts, to their benefit, given that other districts are using those same services.

It cannot be determined from the matrix data to what extent some districts have simply not had a need for BOCES services on some functions; or were not adequately aware that a particular service was offered that would be advantageous to the districts; or have chosen not to use BOCES because of concerns about the costs or service quality and/or a belief that the services could be provided more effectively within the district; or because the district has simply not focused on the issue and the potential benefit of being able to improve the delivery of the service through collaboration with BOCES. From our conversations with district officials throughout the region, the answer appears to be “all of the above,” depending on the specific service and the specific district. It is hoped that this study will at least stimulate more conversation about how BOCES can be more responsive to more of its member districts on a greater variety of services, and about how more districts could potentially directly benefit from accessing a greater variety of such services under certain circumstances.

B-T's Central Business Office is a Model in New York State

Such questions may be particularly appropriate to raise in the context of the Broome-Tioga BOCES' Central Business Office (CBO), which is considered to be a model in the state. Created several years ago to initially provide core central administrative functions for three districts, it has subsequently expanded its services to support four other B-T districts at various levels (as well as a district outside the BOCES region). Some districts utilize the full range of services offered by the CBO, while others select from a menu of possibilities only those services that best meet their needs. Services are tailored to the specific needs of each district. Primary services include: purchasing, payroll support, accounting, budget and long-range fiscal planning support.

The CBO is viewed by its proponents as providing high quality services in a consistent fashion, with a high degree of accountability back to the client district. Districts are typically able to save money when affiliating with the CBO, and in addition become eligible for BOCES aid for all eligible CBO services they choose to access. Downsides to using the CBO are typically perceived as loss of control over central business functions at the

district level, and less on-site accessibility on a daily basis to a person responsible for specific services. Districts using the CBO have found ways to make the services sufficiently accessible, and often have observed that they receive more useful services on a timely basis than they did pre-CBO. Districts can work out any arrangements they choose to maintain whatever degree of control they deem necessary to meet their requirements, while still having their requested management support services provided by the CBO staff.

Despite the value and cost effectiveness of the CBO, only 7 of 15 B-T districts are currently taking advantage of its services.

Despite the services offered, the cost savings, and the added revenues available through participation in BOCES, only seven of the 15 B-T districts are currently using CBO functions. Timing is often a key issue in terms of whether, and when, districts decide to join with the CBO. Some of the remaining eight districts are considering the possibility of linking with the CBO when key business officials within their districts retire over the next few years. Other districts have given no indication of interest in becoming part of the office. *CGR believes that most if not all districts would be able to profit from both the quality and scope of the services available through the CBO organization, while at the same time saving money and increasing revenues.* We believe each non-CBO district would benefit from at least engaging, through Board and key leadership/administrative staff, in a thoughtful strategic planning process to consider the pros and cons of joining the CBO on at least a limited trial basis.

Collaboration Could be Expanded Between Districts

Based on the completed surveys as summarized in the matrix, supplemented by what CGR learned in discussions in each district, there is currently relatively little direct sharing of services between school districts or between districts and municipalities, other than directly with BOCES. The primary exceptions are: joint purchasing co-ops or consortia and occasional sharing related to transportation of special education students. Based on what we were told in interviews, and information from the surveys, the following types of services appear at the current time to rarely involve any consistent sharing of services between districts, or significant collaboration through a BOCES effort:

Relatively few districts currently share services with each other, other than through BOCES.

- ❖ Few districts appear to be involved in any significant ways in energy performance contracts. CGR suggests that increased

involvement in such efforts should prove to be cost effective for the districts involved.

- ❖ There is no significant shared involvement in building planning and construction efforts, given that such planning has historically been viewed as only having relevance within, and not across, district boundaries.
- ❖ There is little evidence of any sharing of facilities maintenance, fueling sites, vehicle storage and maintenance, or equipment.
- ❖ There is also little to no sharing of transportation-related services, other than occasionally for special education students.
- ❖ Other than through BOCES, there has been relatively little sharing of special education services across districts.
- ❖ There has been relatively little evidence of inter-district sharing of distance learning (rarely done, except occasionally through BOCES) or of inter-district student transfer programs.
- ❖ School tax collection has historically been done almost exclusively by individual districts. Only two districts indicated that they have collaborated with municipalities, while a handful of districts contract out the responsibility. There is a possibility that the CBO might be willing to take on this responsibility in the future on behalf of member districts.

Options for increased sharing of services and cost reduction strategies focused on the above types of services are discussed among the opportunities outlined in Chapter 3.

Implications for the Region

Although significant amounts of collaboration and service sharing currently occur within the region, most of it involving BOCES, there is considerable untapped potential to do much more. Beyond the significant role of BOCES in collaborating with the districts in a variety of management and instructional support services, there is an opportunity for more direct conversations between the districts and BOCES concerning other services BOCES might provide to better meet the districts' needs. Districts and BOCES could both be more aggressive in exploring ways of cost-effectively providing on a shared basis, regionally or sub-regionally, more of the services listed above—services that lend themselves to cross-district collaboration that should both improve many current services, and do so at reduced costs to the individual districts and cumulatively throughout the region.

The B-T BOCES and its member districts are to be commended for creating the model Central Business Office. But the eight districts which are not now part of the CBO should reconsider the potential value of joining the CBO. *CGR believes that each district is likely to find at least some offerings on the menu of CBO services that could be of significant value in strengthening core financial services within the district, while helping create consistent fiscal services throughout the region. Such steps should enhance the potential for reduced costs and lead to additional BOCES aid for participating districts.* In addition, school districts across the state are going to be facing significantly increased audit and management control procedures. The CBO is in a strong position, because of the design of the operation and the separation of responsibilities, to assure that districts meet these new requirements.

Finding 5: There are Both Benefits and Costs to Consolidating School Districts

In order to evaluate the potential costs and benefits to the region of consolidating two or more existing districts, CGR reviewed the eight school district mergers that occurred in New York State from FY 1996 through FY 2004. This included extensive interviews with staff and Board members in the districts which went through these mergers, specifically to try to understand whether or not the mergers produced the results anticipated at the time they were approved, and what lessons were learned. CGR also reviewed studies about school mergers from across the country. Based on this review, CGR believes the B-T districts should take into consideration the following key findings:

Finding 5A – In New York, Only Small Districts Typically Seek Mergers

Table 2-4 shows the size of districts before and after mergers have occurred. A key finding is that only three of the original 17 districts, pre-merger, had 1,000 or more students; and after the merger, only one district, Eastport-South Manor, had an enrollment exceeding 2,000 students. Eastport-South Manor is also an anomaly because it is the only district to show more than nominal growth since the merger. In the B-T districts, only one of the 15 districts has an enrollment under 1,000 students (739 in 2003-04). The next three smallest districts have enrollments that range from 1,042 to 1,402. Three other districts have between about 1,800 and 1,950 students. Every other B-T district has more than 2,000 students.

TABLE 2-4
Merged Districts in New York – FY 1996 to FY 2004

| YEAR MERGED | OLD DISTRICTS | ENROLLMENTS | NEW DISTRICT | PRE-MERGER ENROLLMENT | POST-MERGER ENROLLMENT* |
|-------------|----------------------|-------------|--------------------------|-----------------------|-------------------------|
| 1996-97 | Belmont | 473 | Genesee Valley | 876 | 767 |
| | Angelica | 403 | | | |
| | Mayville | 654 | Chautauqua Lake | | |
| | Chautauqua | 408 | | | |
| | New Berlin | 667 | Unadilla Valley | | |
| | So. New Berlin | 413 | | | |
| 1998-99 | Mattituck-Cutchogue | 1439 | Mattituck-Cutchogue | 1540 | 1562 |
| | Laurel Common | 101 | | | |
| 1999-2000 | Jefferson-Youngville | 867 | Sullivan West | 1725 | 1617 |
| | Delaware Valley | 564 | | | |
| | Narrowsburg | 294 | | | |
| | South Manor | 1272 | Eastport-So. Manor | 2443 | 3600 |
| | Eastport | 1171 | | | |
| 2000-01 | Cattaraugus | 821 | Cattaraugus-Little Valle | 1250 | 1195 |
| | Little Valley | 429 | | | |
| 2004-05 | Canisteo | 931 | Canisteo-Greenwood | 1146 | 1146 |
| | Greenwood | 215 | | | |

*Current enrollments are most recent available

Sources: National Center for Education Statistics, Districts

Finding 5B – In New York, Consolidations Have Only Occurred Between Two Districts with Common Borders

In addition to consolidations typically occurring only between small districts, every NYS consolidation since 1985 has been between two districts, except for one three-district consolidation in 1999. Another important factor to consider is that school consolidations have only occurred between adjacent districts with common borders. No districts have consolidated around an intervening district.

Finding 5C – In NY Examples, Consolidation Produces Operating Efficiencies

Consolidating school districts does produce some operating efficiencies. In the three districts CGR interviewed where comparison data were available, administrative and support operations achieved staff reductions and other efficiencies. As shown in Table 2-5, the number of top level administrative staff (Superintendents, Assistant Superintendents/Directors and Principals) was reduced in the Unadilla Valley and Sullivan West mergers. The number of top-level administrators increased by one position in the Eastport-South Manor merger; however, that is primarily because the number of students has increased since the

merger from 2,443 to 3,600. Thus, even in Eastport-South Manor, the top administrator-to-student ratio improved after the merger.

TABLE 2-5
Change in Top Level Staff After Mergers

| OLD DISTRICTS | NUMBER OF TOP STAFF BEFORE MERGER | NEW CONSOL. DISTRICT | NUMBER OF TOP STAFF AFTER MERGER |
|--------------------------------|-----------------------------------|--------------------------------|----------------------------------|
| New Berlin | 2 | Unadilla Valley | 4 |
| So. New Berlin | <u>3</u> | <i>Total # Students - 1045</i> | |
| <i>Total # Students - 1080</i> | 5 | | |
| Jefferson-Youngville | 2 | Sullivan West | 5 |
| Delaware Valley | 2 | <i>Total # Students - 1617</i> | |
| Narrowsburg | <u>2</u> | | |
| <i>Total # Students - 1725</i> | 6 | | |
| South Manor | 3 | Eastport-So. Manor | 10 |
| Eastport | <u>6</u> | <i>Total # Students - 3600</i> | |
| <i>Total # Students - 2443</i> | 9 | | |

Top Level Staff = Superintendent, Asst. Supt./Director, Principals
Source: CGR interviews with districts

Table 2-5 does not show other efficiencies that also occurred after mergers. Several important examples are:

- In Sullivan West, the number of special education directors went from 3 to 1.
- In Sullivan West, two districts pre-merger owned their own busses and managed them with district staff, while the third district contracted out for bus service. After the merger, the merged districts sold busses, eliminated transportation coordinators and went with contracting.
- In all of the mergers, districts over time (and often with great difficulty) integrated educational philosophies, and thus achieved commonality of training, classroom size, some textbooks, programming and designation criteria for special education students, etc. Specific savings resulting from these changes were not quantifiable; however, persons interviewed by CGR indicated that there were clear efficiencies by consolidating decision-making and

reducing the number of variables, but that actual overall dollar savings were usually eliminated due to other factors.

- In all the mergers, the number of citizens on school boards was reduced. For example, Unadilla Valley went from two 5-member boards (10 people) to one 7-member board. Eastport-South Manor went from a 9-member board and a 7-member board to one 7-member board.

Finding 5D – In Research Studies, Consolidation Reduces Costs Because of Economies of Scale

CGR reviewed academic research about school consolidations over the last 10 years, including recent studies done for Texas, Louisiana, Iowa, and two studies specific to New York conducted by the Center for Policy Research at the Maxwell School at Syracuse University.

There is universal agreement that benefits of consolidation need to be measured in two ways. First, what is the impact of consolidation on *costs*. Second, what is the impact of consolidation on *outcomes*. Costs (i.e., dollars spent) can be fairly easily measured by using actual expenditure data. Student outcomes, however, are harder to measure. Researchers use different sets of variables to measure outcomes. Student test scores seem to be a common variable among all the studies CGR evaluated, on the theory that test scores are a standard measure of student performance, i.e., a measure of student outcomes.

The research to date clearly indicates that school consolidations can reduce total costs, up to a point. Researchers are not as certain that consolidation improves student outcomes, as will be discussed in Section 5F below.

One key conclusion of the research that has a significant implication for the B-T schools is that the amount of cost savings that can be achieved by consolidation is dependent on two variables: the size of the districts involved in the consolidation, and the function(s) that are being consolidated.

Districts are not cost effective below 750-1,000 students, and are most cost effective in the 3,500-6,500 student range.

The optimal size of a district to achieve the best economies of scale varies depending on what cost variable is used. For example, one paper³ indicated that the minimum *total* cost per pupil is achieved in districts with an enrollment of 6,500 students. That is, the cost curve showing *total cost* per student is U-shaped—i.e., it declines until the low point of 6,500, at which point costs per student begin to rise for larger districts. However, economies of scale are not uniform across all types of costs; for example, *instructional costs* have a U-shaped curve where costs are minimized at a district enrollment of 1,700 students. In general, there is no universally accepted “most cost effective” size in terms of enrollment. The best that can be said at this point is that districts below the 750-1,000 range do not have efficient cost structures, and thus would benefit most from consolidation, and that districts in the range of 3,500 to 6,500 students are in the most cost effective size range. Above that level, specific function expense categories can continue to benefit from economies of scale, but other district costs increase, with the net effect being that average total district costs begin to increase above the optimal range.

It is also important to note that this discussion revolves around the size of school *districts*, not individual schools. A much larger body of research exists that looks at the optimal size for individual schools. The primary determinants for optimal *school* size appear to be the socio-economic makeup of the student population and desired levels of student achievement.

Four key conclusions from a 2003 research paper from the Maxwell School⁴ should be considered by the B-T districts in evaluating the opportunities to reduce costs through district consolidations. This research paper was limited to a study of consolidations of districts no larger than 1,500 students per district but, because the findings involved only schools in New York, the research seems to have the most applicability to the B-T region.

³ William Duncombe, Jerry Miner, John Ruggiero, *Potential Cost Savings from School District Consolidation: A Case Study of New York*, Center for Policy Research, Syracuse University, February 1994.

⁴ William Duncombe and John Yinger, *Does School District Consolidation Cut Costs?* Center for Policy Research, Syracuse University, October 2003.

Consolidations have a net positive payback somewhere between years 3 – 8.

Consolidation of two 1,500 student districts is estimated to save 3.2% annually in the long run.

- Consolidations of small districts (300-600 students) result in substantial savings for instructional costs, but the savings from size efficiencies get smaller with larger districts. There are no districts this small in the B-T region.
- Central administration, transportation and capital spending costs are all reduced regardless of enrollment levels (up to the size of districts included in the study); thus, all three types of costs benefit from economies of scale.
- Consolidations *increase* costs in the short run (first 1-2 years) because of the need to deal with differing salaries and other consolidation costs. Costs begin to *decrease* (i.e., costs increase at a lower rate than they would have in the absence of the consolidation) starting in about the third year, and the cost savings offset the initial cost increase somewhere between year 3 and year 8. In other words, the *payback*, or *return on investment* from consolidation typically takes from 3 to 8 years.
- After factoring in both operating and capital costs (typically consolidations include investments in new facilities), long-term net annual cost savings from the model hypothetical consolidations run from 3.2% for consolidating two 1,500-pupil districts (the largest combination) to 22.8% for consolidating two 300-pupil districts (the smallest combination). The bottom line could be further affected in the first 14 years by additional incentive aid available from New York State.⁵

Finding 5E – In NYS Examples, Precipitating Factors Always Drive Consolidation

In every actual consolidation in New York researched by CGR, one or more clear factors emerged that drove school district leaders to push for consolidation and elicit support from the school communities. Four different reasons were cited by different districts as having been a key factor that pushed consolidation:

⁵ State incentive aid is potentially available to any contiguous merging districts that can document to NYSED educational and financial advantages likely to result from the merger.

- *The need to upgrade buildings.* In several cases, the core school building in one or more of the districts had deteriorated to the point where a large capital investment was required, and the State Education Consolidation Building Aid incentive was so favorable that the community could not pass up the opportunity to utilize the State aid.
- *The desire to increase opportunities for students.* Several districts mentioned that they were so small that they were unable to offer students a range of classes and other activities that the community desired. Creating a bigger district through a consolidation would increase educational opportunities to students.
- *The desire to keep costs as low as possible to local taxpayers.* A few district consolidations were initiated partly in response to taxpayer concerns. All districts that consolidate receive reorganization incentive operating aid from the State for 14 years, which substantially reduces the cost to local property taxpayers for the new consolidated district.
- *A pending change in key staff opens the opportunity for a change.* Some districts mentioned that key staff (such as a Superintendent) who realize that they might be leaving, will support consolidation knowing that their position can be eliminated without causing a personnel disruption.

Finding 5F - Research Studies Are Inconclusive Whether Consolidations Improve Educational Outcomes

While the real world experience and research models noted above conclude that it is possible to save costs and achieve other efficiencies through district consolidations, researchers are not as certain that consolidation improves student outcomes. A report prepared by the Louisiana Department of Education in May, 2003⁶ cites a quote from the 1994 Maxwell School report which summarizes the situation nicely: “Despite a substantial literature on economies of scale in education, there is little consistent evidence on whether school district consolidation saves money, while maintaining educational quality.”

⁶ Louisiana Department of Education, *Small School Districts and Economies of Scale*, May 2003.

The Louisiana report further references other works that identify other subtle costs in the quality of education that must be considered when attempting to assess the benefits of consolidation. For example, a report titled *Dollars and Sense: The Cost Effectiveness of Small Schools* (Lawrence et al, 2002), indicates that larger districts may have “lower graduation rates, higher dropout rates, higher rates of violence and vandalism, higher absenteeism and lower teacher satisfaction.” Another work cited in the Louisiana report further captures an important sentiment that was voiced to CGR by many persons interviewed in the B-T districts: “It appears that the smaller the district, the higher the achievement when the socioeconomic status and per-student expenditures are taken into account because (of) the superintendent and central staff awareness of citizen and parent preferences, the absence of bureaucratic layers and administrative complexity, teacher involvement in decision making, and close home-school relations...”⁷ Duncombe and Yinger⁸ provide a context specific to New York when they write about consolidations: “One key question is whether consolidation has positive effects on student performance. Table 3 [in their report] suggests that the effects are modest, at best.”

*Finding 5G – In NYS
Examples,
Consolidations Often
Disrupt the Community
for Several Years*

Consolidations require significant changes within communities. Thus, disruptions within the community should be expected. It is difficult to know how to balance the unmeasurable costs of these changes against savings that can be measured. Most people who were interviewed from districts that have undergone consolidation continue to believe, in retrospect, that their communities made the right decision. However, many of those interviewed offered lessons that districts considering consolidation should take into account as part of the cost of consolidating. Key lessons learned include:

- Do not retain one of the current superintendents as head of the new consolidated district. It is important to bring in an outsider. An incumbent will typically be viewed as being aligned with his/her former district.

⁷ Walberg and Fowler, 1986, cited in Louisiana report, 2003.

⁸ Duncombe and Yinger, *Does School District Consolidation Cut Costs?* Op cit.

- The disruption trying to integrate teaching and support staffs is going to be greater than expected. Developing a common salary schedule, work rules, benefit packages, etc. will cost more than predicted and take much longer than planned (sometimes years), and may require direct intervention of the consolidated school board to resolve issues.
- The new superintendent needs to clearly delineate a new organization structure and lines of authority in order to quickly unify the staff, curriculum and educational strategies of the new district.
- Each community needs to go through a planned grieving process to give up its own identity, mascots, traditions, etc. and embrace the new beginning. Getting consensus on the new identity may be the hardest task in the whole process. If each community actively participates in building the new district, that will smooth the transition.
- Expect a significant turnover of top administrative staff for at least the first few years until the consolidated district develops a stable new identity that is attractive to career professionals.
- It can take years for residents, board members, staff members and others to think in terms of one consolidated district. Students tend to make the transition faster than adults.

Implications for the Region

The findings regarding consolidating school districts have a number of implications for the B-T districts as they consider options for the future. The major implications as they relate to the findings listed above are as follows:

- ❖ Only four B-T districts are small enough to fall within the size range of districts that have recently merged within New York. While there is no theoretical limit on the size of districts that can merge, historical precedent and practical reality suggest that only districts with fewer than 1,500 students should consider merging to achieve the maximum efficiency benefits of a consolidation.

Only one Broome-Tioga district—Deposit—falls below 1,000 students. Three others—Harpursville, Tioga and Newark Valley—fall in the 1,000 to 1,500 range, but the only potential pairings with contiguous borders are Harpursville with Deposit and Harpursville with Chenango Forks. Neither of these two pairings seems practical because of the geographic separation between the school district centers.

- ❖ *The potential consolidations that may make the greatest geographic sense and would consolidate small districts would occur between B-T districts on the perimeter of the Broome-Tioga BOCES and districts in other BOCES. Analysis of these options was not included in the scope of this study.*
- ❖ In terms of achieving theoretically optimal district size from the point of view of cost efficiencies, there are many different district pairings which could be undertaken that would result in new districts that fall into the range of 3,500 to 6,500 students. Three districts in the region—Binghamton, Union-Endicott and Vestal—currently fall within this size range, and thus would not be good candidates for consolidating with another district to achieve economies of scale.
- ❖ Efficiency savings are likely by combining two districts to get to the efficiency range (3,500-6,500 students). The one theoretical model for predicting savings only goes to a consolidated district size of 3,000; however, reasonably projecting the research model for larger districts suggests overall savings for the two districts of 2% - 3% after the initial spike in costs created by the consolidation. These efficiencies are likely to come from reduced administrative and transportation costs in the short run, and reduced capital costs in the long run. Real world experience from consolidations supports the theoretical model that administrative and other efficiencies can be achieved.
- ❖ *There do not appear to be any significant precipitating factors that will drive consolidation among districts in the region at this time.* For example, the most consistent driving force among districts that have consolidated in the state in the last decade—the need to upgrade buildings—is not a significant factor for B-T districts, since every district has recently completed, or is currently in the process of completing, major building programs. All the districts have indicated a desire to increase opportunities for their students;

however, none of the B-T districts are too small to have a reasonable range of course offerings. All the districts are attempting to control costs, while waiting to see the results of changes in State funding formulas. Finally, there do not appear to be significant top-level staffing changes in the region that might precipitate consolidation discussions.

- ❖ Districts have an underlying concern that consolidations may have a negative impact on the quality of education currently provided by the individual districts. Research to date suggests that these concerns have merit, and would need to be addressed by any consolidation plan so that the efficiency savings that are achieved can be accomplished while still meeting the community's expectation for educational quality.
- ❖ Districts considering consolidation need to factor in the costs associated with disruption to the community for the transition period, including, but not limited to: changing the size and composition of the school board, changing superintendents, changing mascots and traditions, integrating staff, and developing a new sense of shared community expectations for educational standards.

Consolidations are likely to produce cost savings in the long run, but without compelling arguments for merger, other change options may be preferable.

To conclude, consolidations are very likely to produce direct cost savings in the long run, and disruptions in the short run for which it is difficult to assign a dollar value. *Therefore, in the absence of one or more clear factors that will drive change, districts in the region may want to consider other options for reducing costs and improving service.*

Finding 6: Countywide Districts in Other States Manage Core Services Differently

One of CGR's tasks was to determine what, if any, advantages the B-T districts might have if they were organized into a single region-wide district. In a number of states, school districts are organized at the county level. Although the B-T districts technically fall into two counties, CGR believed it was reasonable to model the B-T districts as if they were a single county district. Accordingly, from the list of hundreds of countywide districts across the country, CGR selected four districts which had the best match with the geographic and socio-economic characteristics of the B-T districts. The four countywide districts selected are shown in Table 2-6.

TABLE 2-6
Comparison County Districts and Their Characteristics

| District Name | Number of Schools | Total Students | Land Area Square Miles | Geographic Description |
|------------------------------------|--------------------------|-----------------------|-------------------------------|--|
| Broome-Tioga BOCES | 73 | 37,879 | 1255 | Small city with urban and rural |
| <i>Comparison County Districts</i> | | | | |
| Loudoun County, VA | 56 | 37,532 | 521 | Urban fringe of large city and rural |
| Manatee County, FL | 46 | 38,980 | 892 | Urban fringe of mid-sized city and rural |
| Fredrick County, MD | 57 | 38,022 | 667 | Urban fringe of large city |
| Douglas County, CO | 58 | 40,469 | 842 | Mostly rural between two large cities |

Source: NCES and BOCES district profiles

CGR conducted extensive interviews with staff in three comparison districts and limited interviews in the fourth. We reviewed budget and student performance data in order to gain a comprehensive understanding of the relevant characteristics of these four districts.

CGR focused on identifying management principles that would be useful in the B-T region.

CGR focused on identifying how the single consolidated districts are managed and whether or not ways in which they are managed could suggest opportunities that could be used in the B-T region. The findings that CGR believes are the most interesting and useful for the B-T region are listed below.

Finding 6A – Managing Services with One Central Management Structure Reduces Overhead Costs

A key difference between single county districts and the B-T districts is that, in the single county districts, the entire region is managed through one management structure. One superintendent and one school board are ultimately responsible for decisions made in county districts.

As described later in this section, there are a number of examples where a single county model appears to be more cost efficient than the multi-district model in the B-T region, although quantifying the savings is a challenge.

It is difficult to assess whether the single district model would be an improvement in the B-T region because, just as was noted in the findings section about mergers, the benefits of a single district

model need to be measured in two ways: first, what is the impact of consolidation on costs, and second, what is the impact on outcomes. In addition, there are a number of more qualitative factors that are difficult to quantify. Straightforward numerical comparisons among the B-T districts and single district models can show quantitative differences, but they cannot measure qualitative differences. Consider the following example.

Potential savings from reduced boards and budgets and from other efficiencies

❖ **Board and Budget Process Savings.** In the B-T region, each of the 15 districts has a school board, ranging in size from five to nine members. The total number of board members in the region is 114. In the four comparison single-county districts, one has a board of five, two have seven-member boards, and one has a nine-member board. Thus, conceivably, if districts in the B-T region were organized as a single district, the number of elected school board members could be reduced from 114 to nine or less.

Although school board members are citizen volunteers, in FY 2002-03, the total spent in the B-T region for Legislative Board expenses (Comptroller's Expense Code A10100) and District Meetings (Code A10600) amounted to approximately \$140,000. Presumably, going from having to support 15 different boards to one regional board would reduce overall costs to the districts. Additional efficiencies would be achieved through the elimination of the need to have 15 board elections, preparation of 15 individual budgets, 15 budget votes, etc. The potential efficiencies are substantial.

For example, CGR estimated how much time is devoted by central administrative staff (including the Superintendent, office and business staff) to developing complete district budgets, and going through the budget process annually. We assumed conservatively that .5 Full Time Equivalent (FTE) (among all staff) for each of the four smaller districts and 1 FTE for each of the larger districts is spent on the annual budget process. This intentionally underestimates the time spent, but is intended just to illustrate the issue. This sums to 13 FTEs at a minimum that are devoted to duplicative budget development across the 15

districts. Most of this time would be eliminated in a single consolidated district model. All of that time saved could be used on other tasks in support of improved outcomes. Or, alternatively, some positions could be eliminated, to directly reduce costs. Using \$50,000 as an estimate of the average annual cost (salary and benefits) of all the different staff involved in the budget process, and assuming three FTE's would still be required to prepare the single district budget, 10 FTE's could be saved, at an annual savings of \$500,000.

A single regional school district could save \$600,000 or more by elimination of multiple school boards, but at the price of reduced citizen access.

In summary, it is possible to reasonably estimate that a single district model would save at least \$600,000 by eliminating the need for multiple school boards and multiple budget development processes. However, it is not possible to demonstrate that going from 15 separate boards to a single regional board would necessarily improve outcomes. And, it is clear that going from 15 boards to one board would reduce direct citizen contact with and local input to elected board members. The B-T region will have to weigh the benefits of the efficiencies of the single district administrative model against the ambiguity of not knowing whether or not this model would improve educational outcomes, and giving up individual district autonomy.

The same logic regarding efficiencies can be applied to the entire spectrum of both operational and instructional management operations carried out by districts. For example, countywide district models develop one standard district philosophy and strategy for special education, one strategy for curriculum (although individual schools are given local discretion within general district guidelines). Staff are recruited by one central unit within single districts (often with schools making their own hiring decisions). Staff within countywide districts are covered by district-wide collective bargaining agreements. Staff can be deployed wherever in the district they are needed (although there are some models whereby staff are assigned to sub-regional zones). All of these examples illustrate efficiency opportunities achieved by a single district model when compared to the B-T model. However, as noted above, there are no reliable data to demonstrate that these efficiencies also translate into better educational outcomes.

Potential offsetting added costs of adjusted salary and benefits

It is important to recognize, however, that although the central management model would reduce overall overhead costs, moving from the 15-district B-T model to a single consolidated district would likely create a significant additional offsetting cost in the region due to salary adjustments. Assuming that the precedent already in place for district mergers in New York would hold for a large, multi-district regional consolidation, salary and benefit differentials among the districts would have to be equalized, or adjusted to comparable levels. In a single district, all staff would be on the same pay scale for each title. Since it would be highly unlikely that existing staff would take a pay cut, the only way to equalize pay would be to increase the pay of those not at the top.

In order to estimate the impact of this additional cost, CGR obtained current salary comparisons for instructional staff for all 15 districts. This was the only database readily available for significant numbers of staff in all districts. Taking the difference between the starting pay in the highest paying district and what other districts pay, and multiplying those totals times the number of staff in the matching districts, CGR estimates that it would add \$9 million per year to bring all instructional staff to the level of the highest paying district. If, instead, an agreement were reached where all staff would be paid at least the *average* of the current salaries across all districts, this would add about \$1.7 million in costs.

These estimates are for instructional staff only, and do not include the costs of equalizing benefits. Assuming these factors would at least double the estimates just calculated, *it is reasonable to project that unifying salaries and benefits across all 15 districts in order to move to a single district would add anywhere from roughly \$4 million to \$20 million to the personnel costs of the new district, depending on whether salaries and benefits were adjusted to the average or top salary levels. The most likely probability, given the influence of the bargaining units in each district, is that the added costs would be at the high end of that range.* This equates to the equivalent of anywhere from a 1% to a 5% jump in the total costs (approximately \$424 million in FY 2003-04) of the current 15 districts.

These additional costs might be reduced over time by developing a multi-tier salary structure that lowers the cost of new employees.

In order for a single district model to be cost-effective in the region, efficiency savings would have to offset the substantial cost of equalizing salaries.

However, at least for the first few years, in order to make the transition to a single district cost effective, other district overhead costs would have to be reduced by at least that amount through the efficiencies gained by centrally managing a single district. CGR believes it is possible that overall overhead costs might be reduced by approximately 2.8% to 3.8%, for reasons explained later in this report. However, a 4% - 5% reduction, at least in the short run, seems unlikely. Therefore, whether moving to a single district model would be cost effective or not will be highly dependent on the extent to which a single district could be created without having to significantly increase salary and benefit costs for a large number of employees.

Finding 6B – Central Management Models Seem More Efficient for Central Operations

Finding 6A provided a general review of how a single management structure provides the opportunity to reduce costs through efficiencies, while noting that these efficiencies do not necessarily also result in improved outcomes. However, this section will discuss how a central management model could reduce costs for non-instructional functions. In particular, CGR reviewed four functions: general administration, transportation, buildings and grounds, and purchasing.

General Administration

CGR found that, in general, the literature and people interviewed in the B-T districts agree that districts should strive to keep their costs of non-instructional operations as low as possible, to free up resources for programs that directly affect students. Therefore, CGR focused on ideas that could help drive down the costs of non-instructional operations in the region, as long as such efficiencies do not appear to have adverse effects on educational outcomes.

One question CGR researched was whether or not the single district models require fewer top-level administrators. Using information provided by the National Center for Education Statistics (NCES), CGR calculated administrator-to-total-staff and administrator-to-pupil ratios for 2002-2003. NCES information was available for the B-T districts and three of the countywide districts. For the ratio of administrators to total staff, the B-T average across all 15 districts was 1 to 10.8 staff, and for the county districts the ratios were: 1 to 7.7 staff, 1 to 10.8, and 1 to 9.2 staff. For the ratio of administrators to total students, the B-T

composite average was 1 to 57.2 students, and for the countywide districts the ratios were: 1 to 62.1 students, 1 to 82.8, and 1 to 96.2 students.

In the B-T region, the number of administrators is already relatively comparable to countywide districts.

Although this is only a small sample, our selected single countywide districts have administrative staff ratios that are relatively comparable to those of the 15 districts in the B-T region. This finding is also consistent with the research on district consolidation referenced previously which suggests that there is a point beyond which additional size does not yield additional efficiencies. Anecdotal evidence helps to explain why this might be the case. Many people interviewed by CGR suggested that if the 15 districts merged into one district in the B-T region, it would at least be possible to eliminate 14 superintendent positions. However, in large single districts, although there is only one district superintendent, there are many assistant superintendents and directors. In effect, what would likely happen in the B-T region is that the superintendent positions would be replaced by assistant superintendent or director positions. Some reductions might be possible in total numbers of such positions, as there may not need to be 14 assistant superintendents, for example. However, the net savings in total positions and cost would likely be relatively small, given the fact that administrators-to-staff-and-student ratios are already relatively efficient within the B-T region, compared with countywide districts.

Student Transportation

CGR found that the single county districts investigated in detail all manage student bus transportation through one central transportation director. Each of the countywide districts owns, runs and maintains its own bus fleet. Typically districts break management of the routes into sub-regions (either three or four), managed by area coordinators. All routing is done through the central office, using one routing software package. Bus drivers are assigned to sub-regions, and work within their area. Routes are typically optimized within sub-regions, with ride times generally 30 minutes or less, with a maximum of 45 minutes. A major reason ride times can be kept this low is that students are assigned to the nearest appropriate school within the region.

Central districts run far fewer bus garages and the organizations appear more efficient than in the B-T districts.

Each district also centralizes bus maintenance operations. Manatee County operates only one maintenance garage. Every bus in the district goes through that garage. A traveling repair truck handles emergency repairs on the road to get busses to the central garage. The maintenance garage is operated 17.5 hours per day; thus, routine maintenance can be conducted as needed during off hours. Douglas County operates three garages, but they are under one director with area managers. Each garage has a local mechanic supervisor; however, the garages do not have individual clerical support—all clerical support is provided out of the central office. Loudoun County operates two garages, a main garage and one in a less populated section of the county. The main garage also services all county and police vehicles, on a chargeback system to cover costs. One interesting measure of the efficiency of the maintenance operations in the central districts is the ratio of mechanics to busses, which ranges between 15 and 25 busses per mechanic.

By comparison, 13 of the B-T districts own and operate their own fleets; one district owns its fleet and maintenance garage, but has a contractor provide maintenance and drivers; and one district completely contracts for transportation services. Thirteen districts directly employ transportation directors or coordinators, there are 14 different district-owned maintenance garages in the region, and 13 districts employ their own mechanics. For district-run operations, the ratio of mechanics to busses ranges from 8 to 12 busses per mechanic.

Buildings and grounds

CGR found two interesting differences between the single-district model and how the B-T districts manage their buildings.

First, Manatee County manages operations and maintenance of its buildings centrally. It has one overall director, and three division supervisors, one for buildings and grounds, one for electrical maintenance, and one for mechanical systems and energy. Custodians are site-based at the schools, but the trade specialists are assigned to the whole district. Technical specialists work on two different shifts, from 5 a.m. to 11 p.m., which allows them to cover more district facilities. Frederick County has a slightly different model, where trade specialists work in sub-regional clusters, but are managed centrally within the cluster. Both of

these models contrast with the B-T model, where every district manages its own maintenance and janitorial staff.

Second, the single districts appear to have different acceptable standards for student populations in schools, in particular for elementary schools. Table 2-7 illustrates the differences.

TABLE 2-7
Number of Students in Elementary Buildings
B-T Districts Compared to Single County Districts

| District Name | Number of Elementary Schools Included | Mean Students per School | Median Students per School | Lowest Students per School | Highest Students per School |
|------------------------------------|--|---------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| Broome-Tioga BOCES | 37 | 469 | 442 | 116 | 925 |
| <i>Comparison County Districts</i> | | | | | |
| Douglas County, CO | 32 | 612 | 641 | 253 | 1020 |
| Loudoun County, VA | 34 | 521 | 549 | 117 | 905 |
| Manatee County, FL | 28 | 662 | 675 | 218 | 996 |
| <i>3 County Average</i> | | 598 | 622 | 196 | 974 |

Source: NCES data - 2002-03

There are a number of variables that drive school size, including local preference, State requirements, availability of funding and enrollment patterns. However, Table 2-7 shows that all three countywide districts, even though they are located in different states, build their elementary schools to hold more students. This is likely to be due, at least in part, to the fact that planning for buildings and setting building standards are centralized and coordinated in the single-district models. By contrast, in the B-T region, there are 15 different sets of community expectations and decision makers, which have collectively settled on building occupancy rates that are significantly lower than those in the countywide districts. The cost implication of these differences is that if the B-T districts had higher building enrollment standards for elementary schools, fewer elementary schools would have been built. Building or renovating fewer elementary schools within the region could have potentially saved tens of millions of dollars in capital costs over the last decade. Additional annual operating cost savings estimated to be in the range of \$4.25 per square foot of reduced building space would also have been possible. These factors should be considered by the B-T region in future discussions about building renovations and space needs.

Purchasing

In the countywide district model, purchasing decisions that affect the entire district appear to be coordinated and centralized through one purchasing director. This model clearly permits the single districts to achieve economies of scale that are difficult to achieve in the B-T districts. Operational efficiencies can be achieved because a single district can use one financial system, one purchasing system, one set of operating procedures. In addition, once a standard is set for the district and a vendor selected, common purchasing scale efficiencies can be achieved.

The Loudoun County district, which is growing quite rapidly, provided the most detailed information about its purchasing operations, so that will be used to compare to the B-T districts. The Loudoun County central purchasing office services 56 schools, about 37,500 students and 3,200 teaching staff.⁹ All authorized staff use one finance/purchasing system. Purchasing is designed to be centralized in authority and decentralized in process. This means that buying decisions for goods and services that are utilized throughout the system are made through central purchasing staff, which aggregates requirements and prepares single unified specifications and contracts for use by everyone in the district. The district Purchasing Agent signs every purchase contract and issues every purchase order. However, purchase order approval is controlled at the building level by approximately 100 account managers located throughout the district. For example, principals and instructional leaders are account managers.

There are a total of only five staff in Loudoun's central purchasing office. Loudoun said this is because the system is highly automated, and there is the appropriate mix of centralized review and decentralized approval.

By contrast, in the B-T region, only five B-T districts participate in a centralized purchasing operation (the Central Business Office – CBO). Although the districts use the same finance/purchasing software, that software was not designed to treat the individual districts as if they were one entity. Thus, these districts are not able to achieve the efficiency benefits provided by the Loudoun system.

⁹ A recent telephone update with the district indicates these numbers are even higher in 2004, reflecting the rapid growth in this district.

The Loudoun countywide district's purchasing model is much more efficient and cost effective than is the current B-T hybrid model.

Compared with Loudoun County, the five B-T districts served by CBO purchasing include 30 schools, 15,900 students and 1,300 staff. In addition to these districts, the CBO provides purchasing services to one other district. There are six dedicated staff in the CBO purchasing unit. It was beyond the scope of this study for CGR to identify the additional amount of time devoted by decentralized staff to purchasing in the 10 B-T districts which run their own independent central purchasing operations. But, it is clear that Loudoun's countywide model is far more efficient than the combination of CBO-and-separate-district approach currently in place in B-T in terms of staffing, and for systematically identifying opportunities to group purchases to obtain volume discounts.

In addition to the system efficiencies inherent in operating as a single, integrated system, the single countywide districts CGR researched also have another significant advantage. Because the central administration is responsible for such large expenditures, every county district employs subject specialists who concentrate on high cost areas and act as internal consultants to minimize district costs. For example, Manatee has a full-time utility analyst responsible for keeping the cost of utilities as low as possible. Loudoun employs two energy specialists. Countywide districts tend to have single energy-purchasing contracts with suppliers that are customized around the needs of the entire group of facilities in the district.

After salaries for staff, the largest single expense item for both the B-T districts and the single districts is health insurance. Each of the single districts researched has a slightly different model for making decisions about health insurance; however, a recurring theme emerged in their approaches. Because the single district staff have to make one decision for the entire district, and the cost impact of that decision is so large, some single districts utilize an insurance council to guide the decision-making process. For example, Douglas is self-insured, and the programs are overseen by a 10-member council that includes administration and union representatives and a health insurance consultant.

This single-district model contrasts with the B-T model, in which 13 districts and the BOCES are members of a health insurance

consortium, but the consortium is not managed as a cooperative enterprise between management and labor. Each of the districts negotiates its own benefits, and the consortium pools the aggregate purchasing power of the member districts to achieve power pricing. Two of the districts do not participate in the consortium. Among districts in the region, CGR only found one example where a district utilizes a council concept that includes the administration and the various unions to actively manage the districts' health insurance costs. A further assessment of opportunities to better manage health insurance costs in the B-T region will be presented in Chapter 3.

Finding 6C – High Schools in Single Districts Have Their Own Identity; Other Schools Compete Based on Reputation

One of the major concerns raised during interviews about the potential for consolidating two or more B-T districts, or creating a single unified district, was the potential impact caused by having to give up the identity (mascots, colors, rivalries, etc.) of existing school districts. District identities are mostly focused on activities and rivalries at the high school level. Thus, concern about the impact of consolidation is mostly directed at what would change at the high school level.

In the countywide district models, each high school creates its own identity and symbols. Even though the high schools are technically within the same district, there appears to be the same localized competitive rivalry among high schools in a single district as is found between individual districts in the B-T region.

Another characteristic of the B-T model is that real estate prices partly reflect the very real perceived differences in “quality” among the B-T districts. Clearly, real estate agents use specific districts as selling points in the B-T region. In the single district models, where all homes are in the same “district,” real estate agents cannot “sell” the district. However, CGR did hear anecdotally that there are perceived more “desirable” schools within the single district, based upon student performance data as well as socio-economic variables. Thus, competition exists among schools in single district models, even though the competition is more subtle.

From this, CGR concludes that if the B-T districts were to evolve to a countywide single district model, existing high school identities could be retained, and housing prices would continue to reflect the perceived differences among communities within the region.

Finding 6D – Equalizing School Property Taxes Would Be a Major Challenge

CGR did not attempt to analyze the property tax implications of creating a single consolidated district, primarily because the total amount of funding to be raised from property taxes in the future could vary significantly depending on the outcome of changes in State funding streams. However, it is clear that assuming property taxes continue to be a major source of funding for districts in the future, moving to a single regional district would have serious implications regarding both tax rates and tax levies among properties in the existing 15 districts. Equalizing the tax rate against true assessed value (the model followed in the comparison single county districts) would mean that property owners in some of the current 15 districts would have their taxes reduced, while others would have theirs raised. While the total cost of schools might be reduced by millions of dollars, as this report suggests is possible, a more detailed study would be required to determine how to equitably share those savings and minimize cost shifting and the impact on property taxpayers in different parts of the region.

Implications for the Region

The findings about large countywide school districts have a number of implications for the B-T districts as they consider options for the future. CGR believes that the primary implications are:

- ❖ *The B-T districts should aggressively pursue strategies to create a central management model for common services used by all districts. The central management model is clearly more efficient in terms of staffing requirements, and is likely to result in lower costs for purchased goods and services, especially if the districts invest in shared subject matter experts who can manage high volume and/or high cost areas of expenditure such as transportation, insurance, energy, and building maintenance. Efficiency gains can be achieved in these operations without compromising the overall quality of the public education system in the region. While there may have to be some minor compromises by individual districts to agree on management practices and policies that can apply to all districts, the resources of time and money saved as a result of the efficiencies could be re-directed to improve educational opportunities.*
- ❖ *It is not clear that there would be a net cost advantage to actually creating a single district structure, due to the costs of having to equalize salaries and benefits, given the wide variations in salaries*

and benefits negotiated over the years across the existing districts. In addition, it may be very difficult for districts to make the types of compromises on educational strategies and instructional models that would be required to create a single district in the region. For a region-wide district to be created, it is likely that years of contentious studies and negotiations would ensue, followed by approvals needed across 15 districts, and ultimately State legislative approval. The odds of that combination of events occurring seem slight, based on any reasonable assessment of practical feasibility. Meanwhile, opportunities would in all likelihood be lost during those conflicts to create central management efficiencies through less formal means. Thus there appears to be little incentive to advocate for a single region-wide district. *More realistically, the existing 15 districts could take actions to achieve the benefits of the central management model for operational activities without actually merging into a single consolidated district* (see Chapter 3 for further discussion).

Finding 7: Potential for Enhancing Regional Educational Opportunities

Whether a single region-wide district or the current 15 districts are in place, there are opportunities to create regional educational opportunities, building on strengths currently existing within individual districts. There are currently many pockets of excellent academic programs in place throughout the region. Examples include:

- ❖ All districts offer varying combinations of Advanced Placement and Honors courses, as well as college course offerings in some cases as part of the academic curriculum. Even the smaller districts provide several AP courses, although the number and variety of offerings tend to be a function of the size of the district.
- ❖ BOCES offers students throughout the region, in addition to a variety of special education and adult education offerings, a Career and Technology program.
- ❖ Three districts (Owego-Apalachin, Susquehanna Valley, Union-Endicott) offer Project Lead the Way pre-engineering programs.
- ❖ International Baccalaureate (IB) programs are offered to students in Binghamton and Vestal.
- ❖ Binghamton offers the Rod Serling School of Fine Arts.
- ❖ Districts offer a combination of distance learning courses, though the offerings tend to be limited and rarely used, despite the initial

promise of the technology. Some districts have done a better job than others of using sophisticated technology to enhance curriculum offerings.

- ❖ Some districts share teachers and/or courses on an opportunistic basis, but recent examples have been rare. Occasionally, a student from one district may take a course offered in another district.
- ❖ A few districts have offered summer enrichment programs to supplement academic year offerings.
- ❖ Individual districts offer various excellent specialty programs related to music, arts, science and other areas of strength.

Other than the BOCES programs, these and other strong academic programs are typically offered almost exclusively, with occasional exceptions, to each district's resident students.

On a related note, ongoing education of staff, through training and staff development opportunities, has tended in most instances to also remain a primarily district-specific experience. Notable exceptions include BOCES initiatives to provide collaborative cross-district staff training (using a train-the-trainer model) to expand teacher skills in literacy and math. But for the most part there has been relatively little emphasis within the region on providing such opportunities for cross-district sharing of resources and best practices.

Regional Opportunities and Barriers

Many expressed the hope that IB, Project Lead the Way, and the Serling School of Fine Arts might become available to students throughout the region, and that better use could be made of distance learning to expand course and staff development offerings in the future.

Many of the individuals CGR interviewed in all districts are concerned about inequities of educational opportunity for students due to where students live within the region. Many expressed the hope that at least some of the unique educational opportunities might be offered more routinely in the future on a regional or at least sub-regional basis, to students from neighboring districts. Most frequently mentioned in that regard were the potential to create expanded cross-district opportunities associated with the IB programs, Project Lead the Way, and the Serling School of Fine Arts. In addition, many expressed frustration that the districts of the region have not been able to make better use of distance learning and computer technologies to expand educational offerings to students across district lines, especially in more rural areas where distance can create a barrier to accessing more traditional course offerings. Some also suggested that distance learning could become a resource to expand access to staff

development training opportunities as well, since little has been done to date to make that a reality.

The rural nature of many of the B-T districts—with the accompanying distances involved, and related transportation problems regarding accessing programs on a timely basis—creates one of the major barriers to providing more regional solutions to offering distinctive educational programs across district lines. The small size of several districts, and the resulting limited numbers of students who would be interested in certain courses, makes it inefficient to offer many distinctive programs in smaller districts, yet that same smallness and distance from other districts also reduce the opportunities to offer any students who might be interested a realistic way to access programs and courses in other districts.

The related distance, time and transportation barriers are exacerbated by the lack of a common schedule throughout the region. We heard frustrations expressed in almost every district about the lack of a common bell schedule across neighboring districts, but despite previous discussions and efforts to create a common cross-district schedule for the same grade levels, no solutions have ever been reached in the region. Typically the ability to create a schedule of common start and ending times for school days and classes runs up against the reality of available transportation resources and the need for greater flexibility in managing fleets of buses, often in shifts that preclude easy resolution of the cross-district common schedule problem. This not only makes it difficult to share teachers across district lines or to have students take courses in neighboring districts, but it also complicates efforts to offer courses at the same time across districts via distance learning.

Lack of a common schedule and related transportation problems make regional programming difficult, even through distance learning.

In addition to creating barriers to shared learning opportunities around individual courses, these barriers have also made it difficult to figure out ways to offer unique programs such as Project Lead the Way, IB, and the Serling School of Fine Arts on a cross-district basis. Moreover, the traditional problems of access to such programs are exacerbated by other concerns expressed by even some of the regionalization proponents that by offering such programs to students from other districts, the effect could be to

Implications for the Region

There are opportunities to create regional educational programs from strong existing district-based programs. A process needs to be established to assess the feasibility and test the concept.

remove some of the brightest and most talented students from their home school districts, thereby weakening ties to their home districts and removing role model students from their community schools.

The Broome-Tioga region is blessed to have in its midst several examples of strong academic programs that could appeal to students throughout the region. At the current time, those programs are only accessible primarily to students residing within the programs' home district boundaries.

The community's educational leaders need to determine if they wish to create regional resources out of one or more of the programs that potentially lend themselves, because of their distinctive nature, to becoming regional "magnets." We believe at a minimum that these include all or some combination of the two International Baccalaureate programs, the three Project Lead the Way initiatives, and the Serling School of Fine Arts. If there is a demonstrated desire to regionalize one or more of these resources, a process for determining how to make this happen needs to be put in place.

CGR finds, based on our study, that there is sufficient recognition of the potential value of offering such programs to students throughout the region that a more active process should be implemented for determining the feasibility and for actively testing the concept on at least a pilot basis.

Among the issues that would need to be addressed would be the following:

- ❖ *Ideal location of any such programs would need to be determined.* Two of the five (Serling School and one of the IB programs) are in Binghamton, and the second IB program is in the adjoining Vestal district. Two of the three Project Lead the Way programs are in adjacent districts (Owego-Apalachin and Union-Endicott). Whether these locations are advantageous to the potential broader regional target audience would need to be determined, including whether at least one program should be moved to a location that might be more accessible to students more to the north and east of the current locations (assuming that an appropriate facility were to be available).

- ❖ In addition to the question of location, *broader issues of scheduling and access to the programs, and extent of student involvement in such programs, would need to be worked out.* For example, could students be part of such a program on a part-time basis, sharing time with traditional courses in his/her home district? If so, could the schedule be worked out such that all travel to the program could occur on only two or three days, rather than having to spend travel time every day of the week? The combination of the curriculum, nature of the program, potential for student joint involvement across two programs (home district plus regional program), and related accessibility and relation to a student's home district would be key questions needing early resolution before a full-fledged regional offering could be presented to area students.
- ❖ *The question of "ownership" and responsibility for any such programs under a more regionalized configuration would need to be determined.* Obviously the existing programs have been created by specific school districts, which maintain a justifiable sense of pride in and commitment to the initiatives; and whether they would, or should, give up that ownership—and if so, to whom—would need to be carefully assessed. Perhaps they could retain control over the programs and open their doors for students on a tuition basis. Or it may make more sense for them to relinquish the responsibility for the program(s) to another entity. This also relates to the question of how the programs would be paid for if opened to a broader audience. Also, if the district that originated the original program is to ultimately relinquish control over it, does the originating district deserve to be compensated in some way to help cover its initial development efforts?
- ❖ *One option might be to consider having one or more programs assumed under BOCES, both for overall operational and management purposes, and also because of the potential to create a financial incentive through BOCES aid.* Initial indications from the State Education Department are that such a scenario would be acceptable under a Co-Ser arrangement that would need to be developed. Co-Sers refer to cooperative shared service agreements between BOCES and two or more districts.
- ❖ *The governance of any such regional programs would need to be determined.* It could presumably happen under the BOCES umbrella, but perhaps a broader board/governance structure would be

preferable. One possible mechanism for making decisions about such regional possibilities might be to create a regional federation model that could assume responsibility for regional schools as well as other issues that transcend individual school districts, while retaining responsibility within existing districts for the day-to-day operations of programs affecting district residents and students only. Such a potential model is discussed in more detail in the final chapter of this report.

Finding 8: Rapid Growth in Special Education, Wide Variation in District Practices and Staffing

More than \$50 million a year are spent for district special education services, a 49% increase in five years. During that time, federal spending has increased from 5% to 13% of the total.

As noted earlier, special education is the single most costly education program area, aside from regular classroom teaching, across the Broome-Tioga region. In 2002-03, the last year for which such information is available regionally, about 1 in every 8 dollars spent in the region on elementary and secondary public education went to provide special education services (a total of about \$50.4 million), according to the State Comptroller. As shown earlier, the program area is also one of the fastest growing educational categories in the region, with expenditures having increased by 49% in just five years.

Although the combined State and local shares of regional special education (SE) costs have grown substantially (by 36% between 1997-98 and 2002-03), each district has experienced especially explosive growth during those same years in federal funds in support of special education. Across the region, the federal share of SE funding in the region has grown from 5.1% of total expenditures in 1997-98 to 13.2% in 2002-03. During that time, total federal spending in special education increased by 283% across the region, from \$1.7 million to \$6.6 million.

Including all SE expenditures, every district is now spending more for special education than in 1997-98. However, within the overall regional 49% increase in SE spending, district increases ranged from as little as 5% in one district to a 156% increase in another. In seven of the districts, expenditures increased by 50% or more over the five-year period.

of Special Education Students Has Stabilized

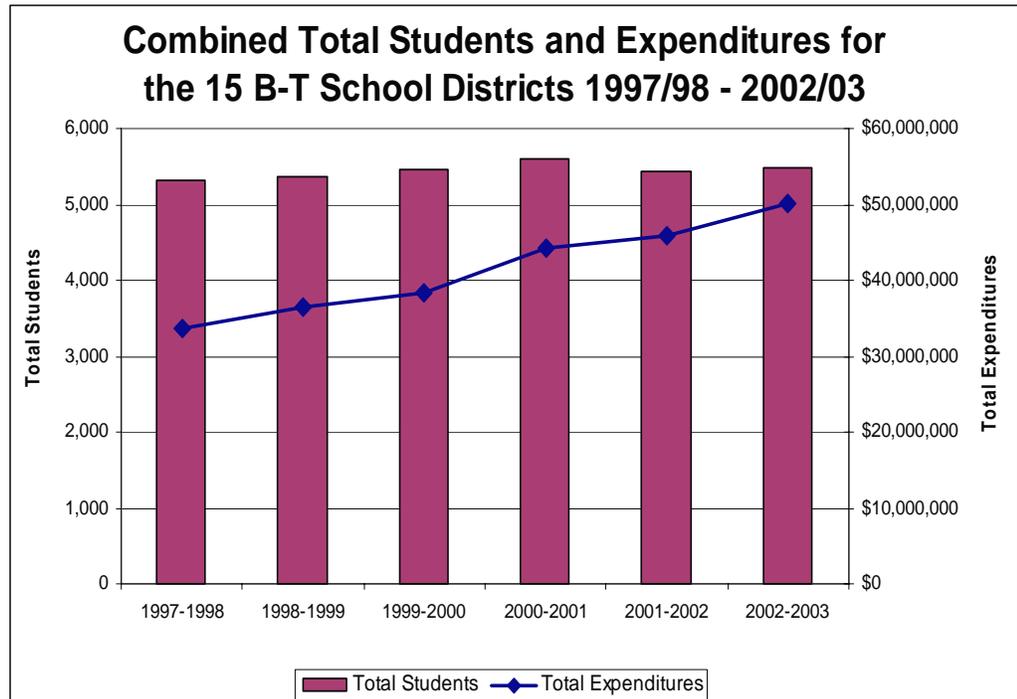
The recent rapid expansion of SE expenditures has occurred despite a relatively small increase over the same period of time across the region in the number of students classified with disabilities. Historical data supplied by each district to the State Education Department indicates that during the years

Special education costs were rapidly expanding while the # of students with disabilities was increasing slowly.

expenditures were increasing by almost 50%, the number of classified students with disabilities (SWDs) increased by only 3%, as shown in Graph 2-3. Indeed, *including the 2003-04 year, seven districts were at that time actually serving fewer SWDs than they were serving in 1997-98.*

There has been a substantial increase in the numbers of students classified with disabilities in the region over the past decade, but the most rapid spurt occurred during the early to mid-1990s, with a 57% increase between 1992-93 and 1997-98. Since then, the numbers have been more stable, ranging from 5,314 to as high as 5,604 and then actually declining somewhat since 2000-01 to the 2003-04 total of 5,467.

Graph 2-3



Sources: NYSED Pupils with Disabilities (PD-1) Reports; NYS Comptroller

*Special Education
Teachers and Aides
Have Increased*

Special education teachers have increased 12-14% in recent years. Most districts have added SE teachers, though four have not.

With relatively stable overall numbers of SWDs in the region in recent years, and indeed declines in some districts, what has caused the large increases in special education expenditures? Part of the increases are a function of increases in the numbers of SE teachers. Although data on teachers are not available for the identical years for which the expenditure data were reported, there was enough overlap to draw reasonable conclusions. Between 1999-2000 and 2003-04, the numbers of special education teachers in the region increased by 12% to 14%, depending on the definition used. The number of Special Education-General teachers increased by 14% to 424 (346 if BOCES teachers are excluded), and the numbers including remedial and speech/hearing teachers increased 12% to an overall total of 596 (492 without BOCES).

Although 11 districts have added SE teaching positions, two have made slight reductions and two others have maintained the same number of SE teachers over the past five years. Those staffing decisions in the latter four districts fairly well parallel patterns in the stability of numbers of SE students in those districts during that period.

As federal, state and local requirements and standards have changed over time to place more emphasis on inclusion of SWDs within regular classroom settings, districts have hired more specialized special education teachers to operate in district-based classrooms and to act as resource teachers to provide needed support for “regular education” classroom teachers. But the 12 to 14 percent increase in numbers of SE teachers, while significant (at an average cost to districts of an estimated \$45,000 to \$50,000 per teacher per year), only accounts for a portion of the 49% increase in SE expenditures throughout the region.

Another portion of the increased SE costs is attributable to increases in the number of SE aides/monitors. During the same period of time, most districts have significantly increased the numbers of special education aides and monitors to assist with SWDs in classrooms, lunchrooms and busses. Data on these staff are not maintained, tracked or even defined as carefully as are data on SE teachers. Staff labeled, for example, as instructional aides by the National Center for Education Statistics are not always used as

The # of aides used to assist with SE students has increased. We estimate that across the region, about \$4.5 million a year is directed to special education aides.

Increases in Costs of Infrastructure and Purchase of Special Education Services

SE aides. There is no way to tell from the data how many are focused on SE, or what proportion of their time is spent working with special education teachers and students. Nonetheless, the number of instructional aides in the 15 districts increased by 48%, from 554 to 820, between 1997-98 and 2002-03. CGR also conducted a separate survey of SE directors as part of this study, in which we asked districts to estimate the numbers of FTE aides used for SE purposes. Based on data obtained from 11 of the 15 districts, it seems reasonable to estimate that about half the time of the overall total of 820 instructional aides is devoted primarily to special education purposes. Based on data from selected districts, we estimate that approximately \$11,000 a year in wages are paid to these aides. If we assume about 410 FTE special education aides, this would add up to about \$4.5 million a year across the 15 districts.

Also contributing to cost increases is the growth in SE infrastructure within the districts. It was not possible to obtain accurate data reflecting the growth in SE support and administrative staff and related costs, but each district has the equivalent of a director of special education and often other support staff to oversee the significant increase in the SE program, training and staff development, chairing of Committee on Special Education (CSE) meetings, working with parents, testing related to SE students, monitoring of performance, and assuring adherence to the increasing demands required by federal and state standards.

One key factor in the added costs of SE throughout the region is hardest to quantify—the growing costs of providing direct services to the students. *As parents have become more knowledgeable about their rights and those of their SE students, and more demanding in many cases in exercising those rights, CSEs have increasingly expanded the range of services provided to students, often providing them via contracts with private specialists.* Anecdotal evidence repeated by many of those we interviewed in districts throughout the region indicated that not only have the SWDs in recent years come into the system with a greater variety of needs to be met, but parents also expect more, resulting in substantially higher service costs per student, according to knowledgeable observers. Unfortunately, CGR was not able to obtain data which quantified those increased costs on an empirical basis, but the consistency with which we heard this

explanation suggests that *the increasing costs of greater numbers of services written into Individual Education Plans (IEPs) make up a significant part of the SE program expenditure increases over the past five to six years.* As those knowledgeable about SE indicated, once services are written into student IEPs, it is rare to have the services removed in future years, without parental requests for the removal.

Differences Between Districts

For a variety of reasons, experiences of classified and potentially-classifiable students have often been significantly different from district to district. Many within the population of SE students are reported to be highly mobile, often moving from district to district. Students bring their IEPs with them as they enter a new district, so the receiving district must immediately absorb the costs of meeting the specified documented needs of that student from day 1. Districts have varying levels of residents living in poverty, and varying levels of children living in foster homes, both of which may affect the numbers of SWDs. Although CGR could not document this independently, many spoke of the differential reputations some districts have as “magnets” for SE students and their parents. Some districts reportedly have the reputation of having strong SE programs that consistently “draw” SWDs. Cost and availability of housing may also attract parents with disabled students to some districts over others. Some districts have the reputation of being especially parent-friendly in working closely with parents of SWDs. Some districts have philosophies and practices in place that lead to different approaches to classifying students as being disabled. Even though all 15 districts appear to be consistent with federal guidelines and standards, some districts clearly appear to classify students more readily than others, while at the other extreme, some districts attempt to exhaust all other means of meeting a child’s legitimate needs prior to seeking a classification decision through the CSE process.

There are also significant differences between districts in the ratio of SWD students to SE teachers. Most districts are in the 11-13 students-to-teacher range, but three have fewer than 10 SE students for every SE teacher, while two have about 16 and one district, with its policy of avoiding SE classification except as a last resort, has a ratio of 29 SWDs to each SE teacher within the district.

Proportions of students who are classified with disabilities ranges from 7% to 19% in different districts. Nearly 15% of the region's students are classified as special education students.

Given such cross-district variations, *there are marked differences in the proportions of students in the region's districts who are officially classified as SWDs with Individual Education Plans.* As noted earlier, some districts have experienced declines in the numbers of SWDs in recent years, while just over half have continued to see increases. Regardless of whether the numbers have increased or declined, there have historically been significant differences in the proportions of students in each district who are classified with disabilities. In 2003-04, the proportion of enrolled students who were classified as disabled, with official IEPs in hand, ranged from 7% in one district to 19% in another, with three other districts exceeding 16%. Across the region, 14.7% of the enrolled students were classified.

Across New York State, there has been a 27% increase in the number of school districts with classification rates of 15% or higher (from 100 districts in 1999-2000 to 127 in 2002-03). In the Broome-Tioga region during that same period, three districts had 15% or more of their total enrollment classified as SE students in 1999-2000, compared with six districts in 2002-03—and nine in 2003-04.

Generally, guidelines suggest that no more than 12 to 14 percent of a district's enrolled students should be classified as students with disabilities. The federal average is about 13%. Proposed federal legislation may eventually cap federal expenditures within districts at 13%—i.e., the federal government would not, if such legislation passed, reimburse for costs associated with SWDs in excess of the 13% threshold.

The Potential for Reducing the Region's # of SE Students

If for the sake of argument a 13% “guideline” were deemed acceptable and were to be in place within the B-T region, and districts were able to consistently limit SWDs to no more than 13% of total enrollment, the numbers of SE students would be reduced significantly across the region, as shown in Table 2-8 below. In the last three years, 11, 11 and 12 districts, respectively, have exceeded the 13% figure—and 6, 8 and 11 districts have exceeded even a more liberal 14% upper guideline. Applying the guideline to those districts that exceeded the 13% criterion in the last three years would have a dramatic effect on the numbers of classified SE students (though caution should be used in applying

the goal in some districts with high proportions of foster homes, high poverty rates, state residential homes, etc.).

Table 2-8

Potential Reduction in Special Education (SE) Students if No District's Total Number of SE Students Were to Exceed 13% of All Enrolled Students

| District | % 2001-2002 | Reduced # of Students at 13% | % 2002-2003 | Reduced # of Students at 13% | % 2003-2004 | Reduced # of Students at 13% |
|--------------------|----------------|---------------------------------|----------------|---------------------------------|----------------|---------------------------------|
| Binghamton | 18.3% | 327 | 17.5% | 281 | 15.6% | 166 |
| Chenango Forks | 12.0% | | 11.7% | | 11.2% | |
| Chenango Valley | 16.3% | 64 | 16.5% | 67 | 16.4% | 66 |
| Deposit | 12.8% | | 13.5% | 4 | 15.0% | 15 |
| Harpursville | 14.0% | 12 | 15.9% | 33 | 18.9% | 61 |
| Johnson City | 17.2% | 111 | 16.8% | 100 | 16.8% | 98 |
| Maine-Endwell | 16.0% | 81 | 16.3% | 89 | 16.6% | 100 |
| Newark Valley | 13.1% | 1 | 13.1% | 1 | 14.4% | 20 |
| Owego-Apalachin | 15.4% | 58 | 15.6% | 62 | 15.2% | 51 |
| Susquehanna Valley | 13.2% | 4 | 14.1% | 24 | 15.0% | 43 |
| Tioga | 6.7% | | 7.6% | | 7.2% | |
| Union-Endicott | 13.9% | 43 | 14.4% | 68 | 15.7% | 125 |
| Vestal | 9.9% | | 11.2% | | 11.9% | |
| Whitney Point | 14.5% | 30 | 14.0% | 19 | 14.3% | 24 |
| Windsor | 13.1% | 2 | 13.0% | | 14.0% | 21 |
| Total | 14.3% | 734 | 14.5% | 749 | 14.7% | 789 |

Source: CGR calculations based on NYSED Pupils with Disabilities (PD-1) Report, and District Enrollment data.

It is important to note that extra caution should be exercised in considering the use of such a potential regional “guideline.” Should such a guideline be used in the future, it should be just that—a guideline, rather than a firm figure to shape classification decisions. And it should only apply to *future* classification decisions. Clearly there should be no consideration of using such a guideline to “declassify” students, or remove IEP-specified services from already-classified students. Any guidelines put in place would only be used to help influence or guide future classification decisions—in consultation with parents, teachers, attorneys, and service providers. In that context, decisions would still continue to be made by CSEs based on the specific individual needs of students. There would be no penalties if the collective sum of those individual decisions added up to classification decisions in excess of the 13% goal.

If the community were able to reduce special education classifications to no more than 13% of all enrollment per district, SE expenditures could over time be reduced by about \$7.18 million per year. This could only occur under specified assumptions and consultation over time with parents, teachers, attorneys and service providers.

Cautions and caveats notwithstanding, had a 13% guideline been in effect, and if the overall community had been able to manage SE growth to stay within such a guideline in recent years, there would have been 734, 749 and 789 fewer SE students in each of the last three years than was actually the case. On a regional basis, that would have meant, for example, 4,678 SE students in 2003-04, instead of 5,467. A reduction of that magnitude should make possible over a period of years substantial reductions throughout the region in the numbers of SE staff and related expenditures. At current expenditure levels of about \$9,100 per SE student, a reduction of 789 students could ultimately result in a reduction throughout the region of about \$7,180,000 in special education expenditures. Those savings would be distributed to the State and to local districts in relation to each district's excess aid formula pertinent to SE expenditures. The total reduction under this set of hypothetical assumptions would represent a 14.3% reduction *each year* in the costs to the community of special education services.

Would such a reduction be possible, appropriate, and ethical? Some of those we interviewed argued that districts currently have little or no ability to influence the SE numbers, because of legislative actions over the years, federal guidelines and standards consistent with the Individuals with Disabilities Education Act (IDEA), historic expectations, growing levels of sophisticated parental lobbying and expertise, parental support groups, and the CSE process itself. As officials point out, the school district is not necessarily in control of what happens within a CSE; and decisions made in those meetings determine what happens to students, and what services will be required, at district expense.

Nonetheless, many others knowledgeable about special education (including various SE district directors, teachers, state officials, etc.) argued that it is possible to change expectations over time, and to reduce the number of students classified as SWDs and reduce future levels of services—while remaining consistent with IDEA and the spirit and letter of the law. The further reality is that wide variations exist between districts here and elsewhere around the state and country in proportions of SWDs—variations that are hard to explain solely on the basis of different demographics or differing parental perceptions about SE programs. In comparisons we made with countywide districts in

three different states, we found a range of proportions of SWDs not unlike the range found in the B-T districts. But we also found that *in Loudoun County, Virginia, where consistent standards have been set and implemented by a core centralized staff with consistent training and consistent guidance and leadership of the CSE processes, the proportion of SE students was 11%, while maintaining careful attention to the federal guidelines and respectful consideration to the legitimate needs and desires of students, parents and teachers in the schools.*

Adherence to consistent standards and approaches can help limit inappropriate classification of students—while meeting legitimate needs of students in other ways.

Within the B-T region, the proportions of SE students overall, and within several districts, have consistently exceeded generally accepted norms. The reality is that there are wide variations from district to district, and many suggestions have been made in individual conversations with SE experts that indeed it is possible for districts to influence the proportions of SWDs and decisions made in the CSEs about whether to classify a student or not, at what point, with what services, and for how long the services remain in place. *Several experts spoke of the need to work more closely with teachers and with parents, and to explain more carefully both parental rights, but also the philosophy of the district, and the fact that in some cases it may not always be in a child's long-term best interest to receive so many SE services.*

It should be noted that *some districts are currently attempting to work more closely with the CSE process and with teachers, parents and providers to limit expectations and reduce the number of classified students and resulting services and costs, while finding other less costly ways of meeting the legitimate needs of the students within the guidelines.* These districts are seeking to find alternate solutions and to work with all affected parties to reduce costs and manage expectations appropriately, while still meeting the core needs of all students. The ability to implement such alternative approaches, and the potential for any legal challenges that might result—and how to minimize the potential for such challenges—would need to be discussed in detail with attorneys involved with SE issues prior to moving forward on a consistent regional basis with directions outlined in this section.

Significance of Vacancies in Self-Contained Classrooms

Another potential way to control district SE costs is to find ways of working with neighboring districts to reduce vacancies in self-contained classrooms for students with disabilities. Districts offer a wide range of 8:1:1, 12:1:1 and 15:1:1 classes, with the numbers

respectively referring to the numbers of students in the class, the number of teachers, and the number of aides/support staff assigned to the class. CGR learned in a special survey conducted as part of this study that seven of the 11 responding districts reported vacancies in one or more of the classes. Across all of the self-contained classes in those 11 districts, there were 127 reported vacancies out of a potential 676 available classroom slots—a 19% vacancy rate, or unused capacity. There should be a way for adjoining districts with unused classroom spots to pool resources, share information about their classes, and combine classrooms to reduce the number of self-contained classes and reduce the number of vacancies in those classes by sharing students across district lines—subject to consultation and cooperation with, and ultimate consent of, affected parents.

A 19% vacancy rate in self-contained SE classes offers opportunities to merge and share services in adjacent districts, assuming consultation with and consent of parents.

All of these districts with vacant slots are indeed contiguous and/or within quadrants or sub-regions of the larger B-T region, so collaboration and sharing of students should be quite feasible. Districts are legally able to decide to shift students across district lines, with parental permission and with the approval of Superintendents and Boards of Education, to enable such efficiencies to occur. *With cooperation and planning between district special education directors and transportation planners, it should be possible to significantly reduce the number of such vacancies, and therefore ultimately reduce the future number of classrooms, and their teachers and aides, with no reduction in the core services available to students.* Experts within the B-T region and in other parts of the country urged such collaboration to occur.

Reduce Special Education Administration Across the Region

In the B-T region, each school district has its own special education director, who oversees the district's entire special education program, standards, relationships with parents, and liaisons with and leadership of CSEs. A separate BOCES special education director oversees the region-wide special education efforts provided by BOCES, as well as providing leadership and coordination with the component district directors. By comparison, in countywide districts we examined, even though the total numbers of students and schools were similar or even greater, fewer administrators were responsible for oversight of the overall SE program. For example, there might be, as in one countywide district we studied, a single overall SE director

responsible for the entire large district, with four regional or quadrant “deputy directors” under the director who are responsible for specific combinations of schools. Schools have their own internal SE leaders. In addition, four separate “coordinators” across the district are in turn responsible for all coordination and activities involving the maintenance and decision-making related to the school-based CSE procedures. Each is responsible for specific schools and geographic sectors of the county. *The point of such arrangements is to have an equitable distribution of tasks across staff, to reduce the numbers of staff to those needed to effectively carry out the essential functions of the work, and to ensure consistency of approaches, expectations, staff training, parental relationships and expectations, and ultimate decision-making in accord with consistent standards and procedures, regardless of where in the area a student lives.*

A streamlined administrative structure for overseeing SE services regionally could save resources and lead to more consistent classification decisions and SE policies.

Applied to the B-T region, it would be possible to create over a period of time a structure which would eliminate the need to have an SE director for each of 15 districts, regardless of the size of the districts and the number of SE students involved. The current structure could be replaced, over an appropriate transition period, to be determined in consultation with district officials and SE experts, with an overall region-wide director of special education, and with four sub-regional deputy directors, each of whom would assume responsibility for overseeing the SE programs in combinations of three or four districts, depending on the size of the districts (e.g., Binghamton might retain its own director, or share a position with an adjoining district). These “deputies” would oversee consistent training of teachers and aides, work with parents and teachers to improve the initial referral/gate-keeping function, and help to develop consistent overall approaches to SE children throughout the region. In addition, separate “coordinators” could be responsible for overseeing and coordinating the CSE process in those same sub-regional areas, with the goal of creating greater consistency in approaches and standards across the entire region. It is quite likely that current district SE directors would assume these various sub-regional positions, and that the transition could occur through attrition or through absorbing remaining existing SE directors into other positions. Either way, there should be clear long-term savings to the individual districts and to the region as a whole if such a

structure were to be implemented (see further discussion of implications, assumptions and cautions in Chapter 3).

Implications for the Region

If an overall regional philosophy about special education were to be put in place and consistently adhered to, with appropriate cautions and protections for the rights of children and parents—as many SE experts within the region, NYS and other states believe to be possible—a strategy could be implemented which could lead in the future to significant reductions in the number of students classified with disabilities. Implementation of a set of guidelines which would help reduce the number of classified students to only those truly needing SE services, while meeting the students' legitimate needs in other ways, and creating a staffing structure to help implement the plan, could significantly reduce the SE population, and related costs, over a period of time in the future. CGR estimates that the proposed adoption of a set of regional guidelines could lead to a future reduction of almost 800 students from the current number of SE students, without in our judgment, and the judgment of many people knowledgeable about special education, reducing the students' probability of future success. The proposed changes could result in almost \$7.2 million in reduced special education costs throughout the region on an annual basis. (See further discussion of the potential, as well as challenges to be resolved, in Chapter 3.)

CHAPTER 3 – OPPORTUNITIES

Given the context within which the Broome-Tioga schools are providing public education services (Chapter 1), and the findings outlined in Chapter 2 about how both the B-T districts and other districts have organized themselves to provide public education services, CGR believes there is a wide range of opportunities for the B-T districts to achieve efficiencies and at the same time potentially improve the quality of educational services to students in the region.

This report touches on many different possibilities, some of which the districts have already pursued. To their credit, every Broome-Tioga district has already implemented or is studying ways to achieve efficiencies through at least some cooperative ventures with BOCES and/or other districts or municipalities. Many of these initiatives have reduced costs. Some have increased opportunities for students. Some have created opportunities for staff development. The benefit of each initiative varies in size and scope, but each one is important as an example of the commitment to continuous improvement exhibited by districts in the region.

Beyond what has been done to date, there are many other opportunities, both large and small, that the districts could pursue. In this chapter, CGR synthesizes the information provided in Chapters 1 and 2 and focuses on several particularly significant cost-saving and service-enhancement opportunities that we believe could:

- Cumulatively save the districts millions of dollars;
- Be implemented without significantly changing the existing 15-district/regional BOCES structural model, i.e., could be implemented without consolidating districts or merging into a single large district;
- Be implemented without compromising core educational values in the districts.

Realistically, the potential opportunities summarized in this chapter would all need further exploration before they could be implemented, as discussed further in Chapter 4. They cannot all be addressed at one time. We suggest below a series of opportunities, and the school districts and community must determine how to proceed in addressing these options, and in what priority order. *CGR believes the opportunities all offer important benefits to the region, and can all be implemented, as proposed or as modified following further discussion.* But we present the opportunities in a relative order of proposed priorities, based primarily on timing and relative ease-of-implementation feasibility.

We believe any or all of the first three opportunities could be discussed, resolved, and begin to be implemented, on at least a pilot basis, within the next year. The fourth opportunity, which actually reflects a combination of potential directions to pursue, could be implemented over different periods of time, with portions potentially relatively easily undertaken within the next few months, and others taking longer. The final opportunity, related to special education services, is likely to be the most controversial and should be carefully studied further as part of a longer-term implementation strategy. This should not be interpreted to suggest that it has a lower priority in terms of its importance, but the complexity of the issues involved simply suggests that the process for resolving them is likely to take longer, in order to ensure that any changes are made with care in the best interests of the students involved, and in order to minimize the potential for creating any unintended negative consequences.

Opportunity 1 – Agree on a Strategy to Reduce Health Care Costs

A. Background

In FY 2002-2003, the 15 districts spent a total of \$50.03 million providing health and dental insurance to their employees and retirees. Health insurance costs for all the districts grew 77% in total over the five-year period from FY 97-98 to FY 02-03. Health insurance is the third highest category of operating costs for districts—behind only basic teaching and special education costs.

CGR found that there are currently four different models being used in the region to manage health insurance costs.

Thirteen of the districts and the Broome-Tioga BOCES participate in a consortium that was started in the mid 1980s. The districts participate in the consortium through a board of directors of district representatives. The consortium hires KBM Management as the third-party administrator (TPA) to manage the purchasing of insurance to keep the costs to the districts as low as possible, on the theory that the consortium saves money by creating a bigger group to obtain volume pricing benefits. Each individual district provides different types and amounts of benefits to its employee groups, based upon collective bargaining. Both because of the different benefit packages, and because of different claims patterns for each district, there are significant differences in cost changes over time for individual districts. However, summing the districts smooths out individual variations, so that, on average, it can be seen that districts in the consortium saw their health insurance costs increase by 72% over the five-year period.

Binghamton and Johnson City have historically elected not to join the consortium. Although both districts also purchase their group insurance through Excellus (the same primary carrier used by the consortium), each district uses slightly different strategies. Binghamton uses a different TPA as a consultant. Johnson City uses a service provided directly by Excellus as the TPA.

For comparison, CGR researched the health insurance costs for Broome County, which is another large government agency in the region which provides insurance to its employees based upon collective bargaining agreements. Broome County provides a fourth independent model.

Table 3-1 compares the total costs and the four-year change in health insurance costs for the four models.

Table 3-1
Comparison of Health Care Costs in the B-T Region

| District | Total Expenditure in millions | | | | | Four Year Increase | % Increase Over 4 Yrs |
|---------------|-------------------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------------|
| | FY98-99 | FY99-00 | FY00-01 | FY01-02 | FY02-03 | | |
| Consortium | \$22.532 | \$24.810 | \$25.700 | \$28.972 | \$38.811 | \$16.279 | 72% |
| Binghamton | \$4.174 | \$4.413 | \$5.592 | \$6.185 | \$7.149 | \$2.975 | 71% |
| Johnson City | \$2.551 | \$2.717 | \$2.861 | \$3.575 | \$4.070 | \$1.519 | 60% |
| <i>Total</i> | <i>\$29.257</i> | <i>\$31.940</i> | <i>\$34.153</i> | <i>\$38.732</i> | <i>\$50.030</i> | <i>\$20.773</i> | <i>71%</i> |
| Broome County | \$14.266 | \$15.243 | \$16.244 | \$18.864 | \$21.579 | \$7.313 | 51% |

Source: Districts - State Comptroller Expense Code A90608
County - Annual Budgets Dept 5, Subfund 252

B. Cost reduction opportunity

Table 3-1 clearly shows that the strategies used by Johnson City and Broome County created significantly lower cost increases over the five-year period than occurred in the consortium and Binghamton. If the consortium members had been able to keep their cost growth to the Johnson City rate (60% rather than 72%), consortium costs as a whole would have been lower by \$2.76 million in FY 02-03. If the consortium members had been able to keep the growth in costs to the level achieved by Broome County, consortium costs as a whole would have been lower by \$4.79 million. Binghamton's costs would have been lower by between \$471,000 and \$847,000 using the same reasoning. For estimating purposes, CGR assumes that 90% of those reduced annual costs would directly benefit local taxpayers.

The Broome County health insurance model suggests, districts in the B-T insurance consortium could save from \$2.8 million to \$4.8 million per year in insurance costs.

C. Strategy

In comparing why Johnson City and Broome County's rates of growth were so much lower than the other two models, two reasons stand out. First, both Johnson City and Broome County actively manage their health insurance costs through the use of health insurance committees that include both labor and management. This is the same strategy that CGR found is used by some large single-district models. In addition, Broome County is managed by a full-time risk manager who is a high-level member of the county management team. This is also a strategy common to some countywide district models.

This suggests that the B-T districts should re-think how they are managing health insurance, and should consider applying the management principles identified above.

D. Other factors to consider

Three key factors will be important to ensure a successful change to a new model for managing health insurance costs.

First, districts would need to determine whether or not the existing consortium model can be modified to achieve the types of cost savings possible under different models. If not, the districts will have to develop a strategy to change or disband the consortium. Because of the way the consortium was structured, it is likely that there will be a one-time cost for districts to get out of the consortium.

Second, districts will have to commit to actively engaging labor in developing strategies to manage health care costs. It is important to note that in CGR's interviews during this project, labor representatives universally voiced an interest and willingness to be active partners with the districts to develop creative solutions to reduce the impact of health care costs on the districts.

Third, the districts as a united group should consider hiring an employee who can become their internal expert on managing health and other risk insurance costs. In interviews with district business staff, CGR consistently heard that everyone recognized that they could not take the time to devote to becoming enough of an expert to keep driving down costs. As a result, the districts have relied on outside consultants. Clearly, health costs and other risk insurance costs are so large that the districts should have in-house expertise to manage these costs.

Opportunity 2 – Centralize Transportation Management

A. Background

In FY 2002-2003, the 15 districts spent a total of \$16.536 million on transportation costs, and an additional \$1.04 million operating and maintaining garage buildings. Thirteen districts own and operate their own bus fleet, one district owns its fleet but contracts out for management of the fleet and providing drivers, and one district contracts completely for equipment, management and

staff. Overall transportation costs for the 15 districts have risen about 3% per year for the last five years.

Each of 13 districts that owns and operates its own fleet has its own set of mechanics, has its own maintenance garage and one or more bus storage areas, has a transportation director with full or part-time support staff, hires its own bus drivers, purchases busses (typically on a State contract, although sometimes, certain busses are not available on State contract, in which case districts prepare their own bids), and develops its own routing. Each district also has its own transportation policy. Transportation policies range from complete transportation provided to every student, to transportation only provided to elementary students farther than a one-mile walk and high school students farther than a two-mile walk.

No one in the region has the authority to develop a common database or region-wide approach to do systematic transportation planning or routing.

Based upon interviews with district personnel, it is clear that there is no system in place among the districts to share bus routing or identify opportunities to reduce routes through sharing. Certainly, districts do attempt to share routes—there are several examples of this—but these instances were identified through informal communications between districts. There is no single automated database that would permit districts to systematically identify sharing opportunities, and no one has been designated to act on behalf of all the districts as a clearinghouse to do this. In short, the districts are essentially managing transportation costs as 15 separate entities.

B. Cost reduction opportunities

Based upon what CGR learned about the B-T districts, and comparing their current operations to consolidated and large single-district models, it is highly likely that the B-T districts could reduce transportation costs across most if not all districts by moving to a model where transportation is managed centrally for all districts. Transportation reduction opportunities may be less for the outer districts in the region, because the distances between those districts will reduce potential efficiencies. For example, a consolidation study prepared in 1993 for Deposit and Hancock (two adjacent rural districts) concluded that changes in transportation costs in a merged district would be minimal.

Nevertheless, CGR believes that any or all of several opportunities could apply to districts across the region.

*Opportunity 2a:
Organize Around
School Clusters*

Districts have the opportunity, even if they do not merge into a single regional district, to organize around school clusters, not artificial district boundaries. The appendix includes three maps. Map A shows all the schools in the region. Map B shows elementary schools in the region, by size. Map C shows a close-up of one area in the region showing elementary schools, a two-mile radius circles around those schools and school district boundary lines. Maps B and C are intended to illustrate how inefficient elementary school overlaps and clusters have been fostered by district boundary lines. Each of the B-T districts develops its school bus routing plans based upon its boundaries. However, if the B-T transportation were managed as if the B-T schools were located in a single regional district, school bus routing would be significantly different. Busses would be assigned to clusters of related schools, and routes designed to minimize travel and distance time. See cost impact estimate below.

*Opportunity 2b: Send
Students to the Closest
School*

Ideally students should be sent to the closest school, especially at the borders of districts where drive times are excessive. If the B-T region were organized as a single district, students would be assigned to the closest school (as a general rule). This could happen anyway to some extent, if districts agreed to shift students, with parental consent, who live near the borders of intersecting districts. Such approval through mutual agreements between districts can be given without formally changing district boundaries. This could potentially reduce transportation costs and reduce the time students spend on busses (one of the measures for improving the quality of educational services), although further study would be needed to determine what would happen if only a portion of parents consented to changes in a particular area, and what staffing implications there might be under various possible scenarios.

*Opportunity 2c:
Centralize Maintenance
Garages*

The single district models clearly demonstrate that it is possible to run bus systems similar in size to the B-T region with far fewer maintenance garages than currently exist in the region. Given that the region is larger geographically than any of the countywide districts evaluated for this study, it is probably not reasonable to

think that one or two central garages would be an efficient solution in the B-T region. However, as a starting point, it would make sense to consider something like the Douglas County model, having a larger main garage located in the urbanized center of the region, with three smaller satellite garages located in the east, north/central and west sub-regions. All maintenance operations would be managed by the transportation manager and central staff located at the main central site. In FY 02-03, the 13 districts which maintain their own garages spent \$1.04 million operating and maintaining those buildings. A reasonable estimate is that *at least half that amount (roughly \$500,000) could be saved by reducing the number of garages required.* Additional revenue may also be possible if the central garages provide service to other municipalities, as single county districts have done.

*Opportunity 2d:
Standardize the Fleet*

Currently, different districts purchase different bus products and sizes. If the entire fleet were centrally managed, bus types would be standardized, which would create numerous time and purchasing efficiencies. See cost estimate impact below.

*Opportunity 2e:
Centrally Manage Bus
Routing and
Dispatching*

As the single district models demonstrate, it is possible to create efficient bus routing within a region while still providing sub-regional management to ensure that there is local contact for parents, and that special requirements in a sub-region are addressed with customized solutions. Managing with a single district model would, at a minimum, reduce the costs the districts currently incur in running their own routing systems (there are two different automated systems being used, and several districts still do manual routing). Each district has its own radio/dispatching system, its own hiring procedures, redundant back-up systems, etc. Different districts also contract with different private companies to supplement district resources as needed. *Just standardizing on one automated routing package, and getting all districts into that system, would save an estimated \$100,000 (cost of new software for currently manual districts plus eliminating annual software costs in multiple districts) and significantly improve management information and planning capabilities for all districts.*

*Summary of Cost-
Saving Impact*

By pulling together all the opportunities listed above into a comprehensive central transportation management function, the districts would likely reduce costs for personnel, equipment, parts

and facilities. A detailed study would be required to develop comprehensive savings projected. However, cost-saving elements can be reasonably inferred at this time. As noted already, reducing building maintenance costs and eliminating duplicate software costs could save roughly \$600,000.

One consequence of centralizing maintenance in fewer garages and standardizing the fleet should be to increase the efficiency of the fleet mechanics. In a sample of six B-T districts with their own fleets, there were 26 mechanics to 248 busses, for a bus-to-mechanic ratio of roughly 9.5 to 1. If that ratio were simply increased to the highest ratio of the sample B-T districts (12 to 1), this would reduce the number of mechanics needed to 20. If the ratio is increased to the ratio in the Loudoun County district (15 to 1), the number of mechanics needed would be 17. Assuming that the same logic would apply to the remaining school districts, personnel savings would project to be roughly 12–18 mechanics fewer than current B-T numbers. Using an average full cost of \$40,000/year for a mechanic, *improving efficiencies to these countywide bus-to-mechanic ratios could produce savings of from \$480,000 to \$960,000 per year.*

Other personnel savings could clearly be achieved by reducing the number of “supervisors” needed and centralizing clerical staff. It is quite likely that the number of busses in total can be reduced, since each district has its own “backup” busses to meet its needs. *A regional approach, where “backups” could be used anywhere, would reduce the overall size of the back-up fleet.* Since busses cost between roughly \$60,000 to \$70,000 (depending on size), fleet reduction savings could be substantial. A detailed routing study for the whole region, eliminating the artificial restrictions caused by district boundaries, would determine how many travel miles could be reduced for both regular school and extra-curricular activities. Whether or not the total number of routes, and thus the need for drivers and equipment, could be reduced, cannot be projected without the detailed study. However, at \$1.50 per gallon, and using an average fuel rating of 8 miles per gallon for busses, each mile saved reduces fuel costs alone by roughly 20 cents. The average district in the region runs between 400,000 – 500,000 miles per year, so it would appear that there is ample opportunity

CGR estimates that at least \$2 million could be saved annually in transportation costs with a regional approach. This could be implemented without establishing a single regional school district.

to reduce miles across districts by aggressively re-designing routes as suggested.

In conclusion, CGR believes it is reasonable to hypothesize that by managing transportation centrally within the region, the districts could cumulatively save at least \$2 million per year once the central management model is fully operational. The model could be implemented without establishing a formal single regional school district.

C. Other factors to consider

Several issues may be raised about the strategy suggested above.

First, many people interviewed by CGR expressed the opinion that since the State provides a high level of transportation aid to the districts, there is less incentive to try to reduce transportation costs than other types of costs with a greater impact on local taxpayers. The first response to this argument, of course, is that dollars saved on operating costs such as transportation potentially free up dollars to spend on other educational opportunities, regardless of the funding source. Another response is that state transportation aid does not, in fact, get distributed to all districts evenly. Within the B-T region, although eight districts receive 90% State transportation aid, there are seven other districts with lower aid ratios, ranging from 64.4% to 79.5%. Thus, *many districts should have an incentive to reduce transportation costs, and significant proportions of the projected \$2 million in savings would accrue to local taxpayers* (we estimate approximately \$300,000). In addition, there is the potential, as discussed in Chapter 4, to *apply for State shared services incentive aid as a means of further increasing the local share of the projected transportation savings*.

Second, during interviews in districts, CGR was told of several instances in which two districts agreed to share one bus to pick up students from both districts, but parents complained that they did not want their children riding on the bus with a child from another district. To this, CGR would respond that if the greater community wants to achieve efficiencies to free up resources to be spent in different ways, the community is going to have to decide whether or not to overcome parochial self interests.

In fact, this issue falls within the broader policy question for districts, which is: are they willing to give up some control over transportation to a central entity in order to maximize efficiency opportunities? Many people interviewed by CGR expressed the concern that they did not want to lose local control over the quality of bus drivers, in particular. However, large single districts hire bus drivers and typically manage them at a sub-regional level, so it is quite likely that applying this model to the B-T region would result in most if not all drivers who currently work specifically for districts continuing to work in the same area, if not the same routes.

Another related challenge is whether or not it is at all likely that parents would be willing to send their children to the “closest” school to achieve efficiency savings, rather than the school in their district. This would not even be an issue if the B-T region were organized as a single consolidated district. However, since it is currently organized as 15 districts, and presumably residents in each community made conscious decisions to move into specific school districts, the community will have to develop a strategy to “grandfather” current residents into current districts, and gradually build expectations in the community about what future schools children who live on the margins of districts would attend.

Third, other districts throughout the state have consolidated bus maintenance garages and achieved efficiencies for the same reasons identified above. However, the model proposed here would go way beyond simply consolidating garages. In short, managing all aspects of transportation with a central administration and sub-regional centers, and permitting scheduling to not be limited by district boundaries, would create many more opportunities for efficiencies than just consolidating garages.

Fourth, as noted above, two districts (Binghamton and Chenango Forks) currently use a contractor to provide transportation for their students. A detailed study would need to examine how these models might be incorporated into a regional model. It may be that sub-regional solutions would incorporate a mix of contract and district employees.

Last, the cost reduction estimates noted above did not attempt to account for any costs associated with leveling pay and benefits

across districts if current employees were moved to a single management model. Although CGR's review of a sample of bus driver pay schedules suggests that there is not a significant difference in pay across districts, there is a significant difference in benefits paid. Some districts, for example, provide health insurance benefits to drivers, whereas others do not. Equalizing administrative and mechanics pay may also have a cost impact, which would be determined by a more detailed planning and implementation study.

Opportunity 3 - Centralize Facilities Management

A. Background

In FY 2002-2003, the 15 districts spent a total of \$30.75 million on operations and maintenance of school district facilities. Costs have increased approximately 3.5% per year over the last five years. Each of the 15 districts has a high-level facilities manager (titles vary among districts) who manages both district staff and outside contractors. Every district supplements its staff by hiring outside contractors with specialized skills or equipment, or for jobs that are too large for staff. CGR estimates that the total square footage of all facilities in the B-T districts is approximately 7.2 million square feet. This equates to the districts, on average, spending approximately \$4.25 per square foot to operate and maintain school district buildings. Grounds maintenance costs are included in the totals, so the \$4.25 overstates the costs of maintaining just the buildings themselves, but this is a reasonable number for strategic planning purposes. The \$4.25 number reflects only annual operations and maintenance costs; it does not include any major capital costs capitalized through the issuance of debt.

B. Cost reduction opportunities.

Based upon what CGR learned about the B-T districts, and comparing their current operations to consolidated and large single district models, it is highly likely that the B-T districts could reduce the costs of operating their facilities by moving to a model where facilities are managed centrally for all districts (either in a single regional district model or with centralized facilities management within the context of maintaining 15 separate districts for provision of core educational programming).

The model for centrally managing building and grounds operations is somewhat more complicated than the model that could be built for transportation. This is because the individual districts have a huge investment in their structures. New buildings and renovations in the past five years alone have totaled around \$200 million in the region, while CGR estimates the replacement value of all school busses owned by districts as no more than \$30 million or less. School buildings themselves are key assets in each community. Thus, it is highly likely that unless some or all of the individual districts actually merge, each district will want to maintain ownership control over its school buildings and surrounding property.

Quality control (i.e., standards of cleanliness, speed of response, etc.) varies to some extent among districts. Resources spent on maintenance vary across districts as a result of both different community expectations and availability of resources.

It should still be possible to centrally manage key aspects of the operations and maintenance functions in a way that takes into account the need to retain some district control and discretion over individual facilities. Examples of key opportunities to reduce costs and achieve efficiencies in such a model are:

*Opportunity 3a:
Centralize Energy
Management*

Based on information collected from a sample of districts, CGR estimates that all of the B-T schools spent approximately \$10 million in energy costs (primarily electricity and natural gas) in the last year. Despite the fact that energy is a large and rising cost of doing business in the districts, they have not developed a coordinated strategy to keep their energy costs as low as possible. CGR found that districts were using three different strategies to purchase electricity and three different strategies to purchase natural gas. Even the districts participating in the CBO, which in theory is a structure that would allow districts to consolidate purchases and obtain scale efficiencies, do not purchase their energy in the same way. Energy-saving strategies are also fragmented. Several districts have utilized consultants to manage ongoing use of energy through conservation; however, the primary consultant in the region has not been willing to work on a contingency basis with the smaller districts, as working with them is viewed as uneconomical.

Districts should centralize energy management, including energy purchasing (to obtain the best prices for all the districts) and energy conservation programs. Energy purchasing is actually a very complex field, because there are so many variables that need to be considered and managed in order to obtain the best pricing. Energy management requires expert knowledge and sophisticated data collection and management. As is the case with health insurance, each district individually is doing its best to control energy costs. However, no district has the time or resources to devote to finding the best way to manage energy costs. The districts could benefit by pooling together in the central management model and hiring an energy expert, just as single consolidated countywide districts do.

Since the B-T districts have already employed various strategies to keep energy costs low, CGR assumes that developing a central management strategy will not save the 5% - 10% that is typically claimed by energy cost reduction companies. However, CGR believes it is very reasonable to project that *aggressively managing energy as a coordinated group would save anywhere from 2.5% to 5%, or \$250,000 to \$500,000 across the group*. CGR that 90% of these savings should directly benefit local taxpayers.

*Opportunity 3b:
Centralize Core
Building Operations*

The model for centralizing core building maintenance and grounds operations would be similar to the model proposed for transportation. A central office would be set up to provide overall supervision, direction, quality control and management. The energy expert mentioned above could also be assigned to this central management function. Sub-regional groupings of staff would be used to provide local response to emergency repair and maintenance work. Routine, planned maintenance, for both buildings and grounds, could be developed that would rotate the work force across multiple districts. This would reduce the total number of staff required over time as a result of staffing efficiencies. Many districts interviewed expressed the concern that they do not currently have the staff to provide for routine, scheduled preventative maintenance. A centrally-managed staff would develop an integrated work plan that would ensure that all district buildings are managed cost effectively.

Without developing a more comprehensive assessment of how many staff would be involved in a central operation, it is difficult to estimate potential savings. However, personnel savings over time are likely to be substantial as a result of efficiencies that can be achieved by sharing specialized staff among larger groupings of buildings. For example, the Manatee district, with 46 schools, has 34 maintenance specialists on staff. In a sample of four B-T districts, there are 20 maintenance staff who are responsible for 22 buildings. It is also likely that some specialty maintenance equipment could be eliminated by reducing the need for duplicate equipment. Thus, *it is highly likely that centralizing building maintenance would result in personnel and equipment efficiencies at least in the \$250,000 to \$500,000 range.* Again, local taxpayers should be the direct beneficiaries of most if not all of these savings (CGR estimates 90%).

Opportunity 4 – Consider Other Opportunities to Build on Existing Regional Strengths

A. Background

In Chapter 2, a number of model academic programs were mentioned that have the potential to become regional resources that attract students beyond their current home school districts. Three of the model programs—International Baccalaureate, Rod Serling School of Fine Arts, and Project Lead the Way—currently operate in five different districts.

In addition, the region’s Central Business Office is a model in NYS that offers a centralized, cost effective means of providing various management support and business office functions through a structure that assures consistent standards, approaches and accountability to individual districts, while saving those districts money and enabling them to obtain BOCES aid in the process. Currently seven B-T districts are using some or all of the services offered by the CBO, while eight have opted out of participation, at least for now.

Such model programs offer considerable potential to build on the impact and value they already have, and in the process to reach more districts and, in the case of the academic programs, more students.

In addition, on a smaller scale, a few districts are part of a BOCES Co-Ser to share management of food services across districts,

using BOCES resources. This initiative offers the capacity for some districts to improve consistent, professional, cost effective management of the process of purchasing food, managing healthy diets for students, and providing efficient delivery of services at less costs, and with additional BOCES aid, than would be possible otherwise.

B. Cost Reduction Opportunities

There are clear opportunities to reduce costs and enhance BOCES revenues through expansion of the impact of the CBO, both through the use of additional services by some of the districts already participating partially in the CBO, as well as through the addition of new districts as participating members at some point in the future. A more definitive study (as some districts have already undertaken in combination with two or three other districts) would be needed to determine likely cost savings and revenue enhancement opportunities under various potential expansion scenarios. But even without such a broad study of the region-wide implications, it seems clear that there is potential for considerable cost savings and BOCES aid to be generated as more of the non-participating districts ultimately decide to sign on.

Expanding regionalized educational opportunities would be undertaken for the purposes of expanding model educational programs to a wider range of students throughout the region, rather than limiting their impact to students within their existing home districts. As such, they are not likely candidates for cost savings. On the other hand, as noted in Chapter 2, it is possible that one or more of these model programs could ultimately be offered through BOCES, which could help offset operating costs through being able to access BOCES financial aid.

Partial data available from a few districts suggest that a combination of using and in some cases sharing professional management practices and staff, and in some cases offering catering services to nonprofit agencies within a community, can create significant cost savings and revenue enhancement opportunities for some districts.

C. Other factors to consider

We suggested in Chapter 2 that each district not currently participating in the CBO would benefit from engaging in an explicit strategic planning process, including an assessment of the opportunities and concerns associated with affiliating with the CBO in the future, at least on an experimental, limited trial basis. Some districts have engaged in such a process, either on their own or in conjunction with other districts, but some of those assessments were undertaken several years ago. It may be time for districts to reconsider the potential financial and service enhancement benefits that are likely to result, at least for some of the non-CBO districts.

There have been discussions off and on within the region of the possibility of creating regional approaches to offering some of the model educational programs referenced above, but no final decisions have been definitively determined. This topic would appear to lend itself to the creation of a task force of representatives from districts that offer model programs as well as districts that might wish to consider participating in one or more in the future. Such task force would explore in detail the implications of creating one or more regional “magnet” programs, and would address the types of issues raised in the discussion in Chapter 2 of potential regional educational opportunities.

Opportunity 5 – Agree on a Strategy to Strengthen Special Education Services and Reduce Costs

A. Background

As noted earlier, in FY 2002-2003, the 15 districts spent a total of about \$50.4 million in the provision of special education services to more than 5,400 special education students. The special education (SE) expenditures were up 49% from just five years earlier. The most rapidly-growing source of revenues for these programs is federal funds, which in those five years increased from 5% to 13% of the total. The remainder is split between State and local revenues, with roughly 60 to 65 percent of the expenditures covered by public excess State aid, with the proportions ranging from as low as 57% in some districts to as high as 82% in 2003-04.

The rapid increase in expenditures has occurred even though the numbers of students with disabilities (SWDs) only increased by 3% during the same five-year period. In seven of the 15 districts,

the numbers of SWDs actually declined between 1997-98 and 2002-03.

With the increased emphasis in most districts on inclusion of special education students in regular education classrooms, the number of teaching SE staff and aides assisting with SE students has increased: the number of special education teachers increased by 14% between 1999-2000 and 2003-04, and the number of aides has grown especially rapidly. The number of instructional aides has increased by 48%, though it is not clear how much of their time is devoted exclusively to special education. CGR estimates that some \$4.5 million may be spent annually on special education aide services alone.

Each district has its own SE infrastructure, each with an SE director or equivalent, each with Committees on Special Education reviewing the need for classification and potential services needed by students, and each with SE administrative support staff of varying numbers and responsibilities, depending on the size and program of the district.

Although all districts operate under the same set of guidelines and regulations, there is considerable variation across districts in the underlying SE philosophies, practices and staffing employed to meet SWD needs in the districts. The proportions of enrolled students who are classified as disabled ranged in 2003-04 between 7% in one district to as many as 19% in another, with an overall regional proportion of 14.7%. The vast majority of those students are served in classrooms within their home districts. About 750 of the SE students each year (about 14% of the total) are served by BOCES, including about 200 of the most disabled students in the centralized BOCES regional education center and the rest in programs scattered across various districts. The remaining 86% of SE students are served in classrooms taught by teachers in the students' home districts.

There is no formal central direction or oversight of the SE programs across the region, although the BOCES Director of Educational Programs meets monthly with the district directors of SE and helps facilitate coordination and sharing of information and practices between the districts.

B. Cost reduction opportunities

CGR has suggested two possible opportunities for reducing special education costs within the region. We believe both approaches would not only save money, but also help ensure a more consistent delivery of appropriate levels of service to students with disabilities (and who in some cases may not need to be classified as having a disability in the first place), regardless of where they live within the region.

Opportunity 5a: Create Regional Structure for Administering SE Services

Many of those with whom we discussed special education issues indicated that there is little consistency from district to district in approaches to administering SE services, to dealing with parents of SE or potential SE students, to the mix and use of SE teachers and aides, to the extent and nature of training of teachers and aides to effectively deal with SE students and parents, to facilitation and processing of the CSEs, etc. As a result, there are wide variations in proportions of SWDs in districts, and in ratios of SE students to SE teachers. Several people knowledgeable about SE practices expressed the view that some districts probably go well beyond basic standards in what they offer to students and parents, while others may be on the relatively lean side.

Accordingly, in order to begin to provide greater consistency in approaches and philosophies, CGR believes that a regional strategy for managing SE services could be implemented, and that such an approach would not only improve and rationalize services, but would also save money in the process. Specifically, we suggest that, instead of 15 district SE directors, a regional SE director could be created, with perhaps four sub-regional or quadrant “deputy directors” responsible to the overall director, and in turn responsible for management and supervision of the SE programs and staff in three or four districts each.

In addition, each quadrant would also have a separate “coordinator” who would be responsible for all aspects of coordination and management of the CSE processes in three or four districts within his/her quadrant. Schools within districts would each have building liaisons, who might double as existing SE support/resource teachers (i.e., these would not be additional positions). As with the opportunities discussed above, the creation of such a regional strategy for managing SE services could

be accomplished either with or without a region-wide district in place. CGR's working assumption is that implementation of such a plan would be most likely to occur in the context of the continuation of the existing 15 districts.

Reduced numbers of SE administrators, and a streamlined structure for managing regional SE services, could both strengthen services and save an estimated quarter million dollars or more each year.

The assumption is that, at least initially, the top nine positions (Director, Deputies and Coordinators) would probably come from, and replace, the existing district SE directors. Under this assumption, the existing district directors would be phased out over time, i.e., the 15 separate directors would ultimately dissolve into the nine positions mentioned. (Other support staff would be needed as well, as is now in place.) Our assumption is that at the top administrative leadership positions, there could be a net reduction over time of five or six positions. Assuming an average of \$50,000 per position, *annual savings of about a quarter of a million dollars or more in administrative costs could occur as a direct result of these changes.*

***Opportunity 5b:
Reduce the Number of
Classified SE Students,
at Significant Cost
Savings to Region***

Creation of the potential administrative structure to manage SE services regionally would not only offer the potential to save money by reducing the number of top SE administrators, but more importantly, could create a context that should help create a more consistent, rational approach to the delivery of SE services across all 15 districts. Ultimately decisions would continue to be made about resources and classification approaches at the district and individual school levels, but consistent approaches and training would be offered and advocated, rather than the current variety of approaches, which provide no attempt at consistency.

Reductions in #s of SE students to proportions consistent with State and proposed federal guidelines could lead to annual savings of almost \$7.2 million, including about \$2.5 million in local tax dollars.

As indicated earlier, we believe it is reasonable to conclude that with a regional structure in place to oversee and manage SE services across the region and to push for consistent approaches, the high proportions of classified students in most of the districts could begin to be reduced in the future to a lower level, more consistent with State and federal guidelines. Districts and their CSEs would continue to have ultimate authority and control over practices and decisions, and decisions would continue to reflect the specific needs of individual students, but it seems likely that messages being conveyed consistently should over time result in more consistent practices being put in place and acted upon. Under that assumption, CGR believes that a substantial reduction

in number of SE students could be expected to occur over the next few years. When fully in place, the significant expected reduction in numbers of future SWDs would be of such magnitude that it would be likely to result in substantial cost reductions as well. As noted earlier, CGR believes a reduction in SE costs of almost \$7.2 million each year is realistic, subject to cautions discussed in Section C below.

Given existing excess aid cost ratios used to calculate State aid for students with disabilities, we estimate that roughly 65% of those savings would accrue to the state and approximately 35% (about \$2.5 million a year) to the local districts.

CGR believes that the potential savings would be a function primarily of reductions in SE teachers and aides, and of reduced fees paid for purchase of services outside the school districts. As the number of new SE classifications falls over time, there would be more “regular” students. But most current SE students already occupy seats in regular classrooms (only about 16% in 11 sample survey districts were in self-contained district classrooms). Still, planners should consider the possibility that at least some of the SE savings might be offset by the need to add some regular education teachers and retain some aides to address any special circumstances that result from the reduction in SE resources. For rough calculation purposes, we suggest that as many as 10 additional regular teachers might need to be hired to help absorb these students fully within regular education classrooms (at an estimated \$500,000), with an additional \$250,000 in aide services retained to address the needs of these students within the system. Thus we estimate as much as \$750,000 in new costs to partially offset the \$7.18 million dollars in projected savings—resulting in a worst-case scenario of a net annual savings of about \$6.43 million.

C. Strategies and other factors to consider

A regional approach to managing SE services is not dependent upon the creation of a single region-wide school district. Existing districts could agree on their own to create a structure as outlined above, or could create a different model, including the possibility of a few neighboring districts creating a sub-regional approach. The structure being outlined could be implemented as part of the BOCES structure, if that is ultimately viewed as the best way to

make these changes occur. But even if so, BOCES cannot be the impetus for the changes. BOCES could offer a means to set up the structure if necessary, but it cannot be the change agent itself, as the impetus for the changes must come from leadership within the districts themselves, and/or through the impetus of the federation approach discussed in Chapter 4. Either way, through more formal or informal approaches, it should be possible to implement a regional approach to the concepts of what are outlined here.

As noted earlier in Chapter 2, the potential opportunities outlined for positive changes in the delivery of SE services come with potential difficulties that will need to be carefully worked through. Admittedly there will be resistance to change from districts which are comfortable with their current approaches, and from teachers, parents and other constituency groups who could be directly affected by any shifts in current practices. And the cautions noted in Chapter 2 will need to be carefully processed. Any process considering changes should include parents, teachers and existing SE directors, as well as a legal perspective, in discussions about potential new directions.

It should be noted that the approaches outlined in this section and in Chapter 2 are quite consistent with recommendations we heard directly from strong SE advocates, from principals and superintendents, from SE directors, and from experts in countywide districts in other states. But that reality should not diminish the legitimate concerns about if and how potential changes should be addressed. It will be very important that a process be established to address the scenarios outlined in this report, as well as to consider other alternative approaches to the SE delivery system.

Legitimate concerns could be raised by those who believe that students under this potential regional approach could be unfairly denied classification and needed services under these proposals. Obviously much careful thought would need to be devoted to how changes in guidelines might be implemented and discussed with parents, teachers and service providers to ensure that students receive the services they need, but not more than that. What we heard from a number of credible sources was that under current

approaches, it is not unusual for students to be classified inappropriately as SWDs, when less costly services may have been as if not more appropriate, and that other students who were legitimately classified received services above and beyond what they needed. Clearly much sensitive work needs to be done to make the public comfortable with any changes that may be implemented in the future, but our understanding of the issues suggests that what is being outlined here is consistent with the needs of students, cost effective and meets all legal requirements.

Nonetheless, we have suggested that this opportunity area should be considered the one that is likely to take the longest to resolve. We suggest that a process be initiated as soon as possible to begin to address the relevant issues, but that final determination of changes is likely to take more time to resolve than the first four sets of opportunities.

CHAPTER 4 – MOVING FORWARD

A number of opportunities have been presented for regional consideration throughout this report. CGR intentionally defines these as opportunities, rather than as specific recommendations. This is because there are trade-offs in each opportunity, and the districts and larger community will have to go through a process of evaluating whether or not there is the desire to move forward—and if so, on which opportunities and in what order.

A key challenge for the community is to create regional leadership to focus on cost-effective use of educational resources.

This report is intended to stimulate the creation of regional leadership around more effective use of educational resources throughout the region. Strengthening educational programming and providing educational support services in a more cost-effective manner through expanded cross-district collaboration, where appropriate, should not weaken any district, but rather should lead to the best possible use of the resources available to the region. Resulting cost savings and service enhancements should strengthen the profile and competitive capacity of the entire region, rather than only of selected districts.

The challenge for the community is to develop a strategic process for coming together to determine a vision of what needs to be done to strengthen educational support services in the most cost effective manner for the region, and to then determine how best to implement the vision and create the necessary changes. Moving forward to address the issues raised in this report will not be easy, but it is manageable, as long as the community begins with the vision and does not allow itself to get bogged down initially by focusing on all the barriers that could prevent progress. We believe there are solutions to each of the potential barriers, as long as there is a regional will to proceed to create the types of opportunities outlined in the report.

Economic Development Implications

Thinking regionally about the best use of available educational resources, without compromising the prerogatives and existing strengths of individual districts, offers not only the opportunity to conserve and make best use of available resources, but also the opportunity to promote the region across the state as a leader and challenger of the status quo. In a region with a slumping

The region could promote itself as an educational leader focused on strengthening the economic viability of the region.

economy, a conscious effort to strengthen the area's educational programming, while saving or reallocating available resources in support of an improved regional educational system would strengthen the community's economic development credentials. It would also send a strong message to current and prospective residents and employers concerning the leadership and future economic viability of the area, and would distinguish the region and its forward-thinking approaches from its competitors.

Next Steps

In this regional context, it is now incumbent upon community leadership to review this report and determine how school districts and the larger community wish to proceed. The document is intended as a broad guide meant to highlight opportunities for efficiencies and service improvements within the region. How to proceed with this guide is now up to the community. CGR suggests that a combination of BOCES leadership and Superintendents and Board Chairs from the 15 Broome-Tioga districts—along with regional leadership inclusive of various community constituencies—create a strategic planning process. The initial task would be to review this report and determine the issues that need to be addressed immediately, and to set in motion an action plan and process for addressing both short-term and longer-term issues raised in the report. A suggested priority ordering of issues was presented in Chapter 3 as an initial reference point for starting such discussions.

More detailed discussions (and in some cases perhaps more in-depth studies) will be needed to more clearly define the explicit cost savings and specific strategies needed to fully develop implementation plans. Presumably any action plan would include ways to address the achievement of staffing efficiencies over time through attrition and natural staff turnover. Transitioning to a region-wide model for delivery of selected services will take time after a detailed transition plan has been developed.

Potential Models

The various opportunities for change, cost savings and service enhancement could be implemented in a number of different ways.

Single Regional District

They could certainly be implemented as part of a bold strategy to create a single regional school district that would replace the 15 current individual districts. This is a viable option, but from a

practical, realistic perspective it is also one that may prove difficult to pull off politically, given strong support for local districts and the reluctance across the region to give up the traditions and values associated with those individual districts. And, even if there were to be support for such an option, the process needed to effect such sweeping changes would be time-consuming and, in all likelihood, contentious. Moreover, it is not clear that academic achievement would improve as a result of creating a region-wide district, or that cost savings would be enough to offset the cost of levelizing salaries and benefits. CGR believes that the districts could achieve many of the efficiencies inherent in a single district model by creating regional approaches to reducing costs without having to create a single district structure.

No Formal Structure

Alternatively, districts could seek to create and achieve the benefits of regional approaches to selected functions such as those suggested in the previous chapters through a more informal basis, without a formal structure in place. This report has attempted to make it clear that many of the benefits suggested could occur without creating a formal regional organizational structure. Regional approaches to transportation planning, facilities management, special education and other functional tasks could occur within the current 15-district structure, with appropriate leadership designated and empowered by appropriate district officials and policymakers. While this approach would require the least structural change, history suggests that some opportunities to reduce costs across all districts will be missed in the absence of a more formal structure that forces districts to think and act outside their boundaries.

BOCES-Driven Model

A third approach would be to have expanded shared services provided exclusively through BOCES. Certainly, the role of BOCES for providing central services and for accessing BOCES financial aid should be considered in any analysis of options. For example, BOCES might be a logical and cost effective way to share the costs of professional staff to manage any of the functions identified in this report. However, the costs and added administrative overhead associated with BOCES may make this less attractive for the *governance* model needed to oversee a regional approach. Moreover, because the BOCES Board is small (seven members) and not representative of the 15 individual districts,

linkages to the districts and their wishes would be more difficult under such an oversight structure.

Federation Model

A fourth approach should also be considered for creating regional opportunities and approaches. Rather than pushing for a dramatic formal restructuring of 15 districts into one region-wide district, and rather than expecting an informal approach to rise from concerted actions from the 15 independent districts, a hybrid decision-making/semi-formal governance model is suggested for consideration, through which new strategies can be debated, acted upon, and carried out with a legitimate mandate. Such a possible federated structure and model is outlined below.

Assumptions of Suggested Federation Model

The Federation would retain local district autonomy while creating a body to address regional cross-district issues. Federation members would come from local districts.

The idea of a Broome-Tioga Regional Federation of school districts is based on the twin assumptions of maintaining the best features of local autonomy and control of core educational matters at the local district level, combined with areawide authority to address broader cross-district issues such as those identified throughout this report. In this model, each individual local district would be maintained and its core role in providing basic K-12 education reaffirmed, with no “threat” of having that role removed and asserted by a regional single school district. At the same time, a mechanism would be put in place for identifying and acting on regional issues that cut across district lines. *The governance structure as envisioned would be a type of “Regional Council” directly responsible to, and selected by, local school boards.*

Potential Scope of Activities

It is anticipated that the proposed Federation, through the Regional Council (RC), would determine, based on guidance from its member districts, the scope of activities it would seek to address at a regional level. Though it is not appropriate for CGR to determine what such activities should be, it would seem likely that among the issues it may choose to at least address, to determine if further actions would be appropriate, would be the types of issues raised in this report. Issues which might at least receive initial consideration by the Federation could therefore include:

- ❖ Rethinking regional strategies to reduce health care costs across school districts;

- ❖ Determining ways to rationalize and strengthen cross-district management of transportation planning, routing, maintenance and fleet purchasing;
- ❖ Developing a combined regional/local district model to rationalize and strengthen the delivery and cost-effectiveness of special education services;
- ❖ Developing an effective regional approach to more cost-effective purchasing strategies;
- ❖ Developing an appropriate strategy blending the need for centralized management of facilities/buildings and grounds maintenance and preventive maintenance with decentralized delivery of services at the building level;
- ❖ Creating a regional approach to energy management and energy purchasing;
- ❖ Examining ways of broadening the impact of the current Central Business Office, and thinking about other potential shared services opportunities across districts;
- ❖ Exploring ways to enhance regional educational opportunities such as distance learning, International Baccalaureate programs, Project Lead the Way initiatives, etc.;
- ❖ Consideration of potential ways to shift students between existing districts at the intersections of district boundaries, where such shifts might be most cost-effective and beneficial from the perspective of reduced travel time and costs, assuming students and parents were in agreement;
- ❖ Exploring ways to ensure that computer services for administrative purposes and to aid classroom instruction are expanded in the most cost-effective manner possible throughout the region.

The suggested governance mechanism of the potential Federation model would ensure that decisions and actions, while being made at the regional level, would also be made in collaboration with the local districts. Through the makeup of the Regional Council,

districts could assure that their parochial interests and legitimate district-specific concerns would be addressed in any regional deliberations, even as the Council and its member districts would seek to find common ground around their mutual interests, and in the region's collective best interests. The membership could also provide a forum for simple exchange of information among districts, so that new ideas and practices being implemented in one district that might have broader applicability and cost-savings potential could be shared and taken back to other districts for possible consideration.

Potential Makeup of Regional Federation

One model could be to create the Regional Council based on proportional representation of the respective member districts. Each district should ideally be represented in a manner which reflects the relative school enrollment of that district within the region. To ensure that the Council not become unwieldy in size, one possible approach would be to have one representative on the Council for approximately every 1,500 to 2,000 students. For example, the Council could have a total of 24 representatives from the various districts as follows:

- ❖ 4 representatives from Binghamton, reflecting its enrollment of about 6,400 students;
- ❖ 3 representatives each from Union-Endicott and Vestal, reflecting the approximately 4,500 students in each district;
- ❖ 2 each from Johnson City and Maine-Endwell, reflecting the enrollments of between 2,500 and 3,000 students in each;
- ❖ 1 representative shared between the two smallest districts, Deposit and Harpursville, which together have about 1,700 students (the assumption is that the two districts would rotate membership on the Council over time);
- ❖ 1 representative from each of the other eight districts; these districts all have enrollments roughly in the 1,500-2,000 range, and therefore are each tentatively assigned a single representative;

- ❖ 1 representative from the BOCES. This would ensure that BOCES goals, objectives and strategies are represented on the Council.

Representation could be revisited every two or three years, with changes made as needed to reflect any significant changes in district enrollments. The 24 district-based members may wish to expand the group to include other representatives from the Broome-Tioga community, including representatives of the funding/corporate community, union membership, perhaps local colleges and universities, and perhaps a representative of each county government and/or a representative from local town governments, in order to help the Council focus on the broad opportunities for sharing services between municipalities and schools.

CGR anticipates that the individual school districts would select their representation on the Council from existing school board members and/or the district's Superintendent, as they prefer, with each district free to make its own decisions.

An alternate approach would be to create a Regional Council based on equal representation from every district, to include the Superintendent and Board Chair of each district, plus the BOCES Superintendent and Board Chair. This would be a total of 32 members. This leadership body currently meets periodically, and might serve as a more formal Regional Council, without creating a new entity for the purpose. If that existing body were willing to meet on a regular basis to address the types of issues raised above, it could thoughtfully represent the views of the individual districts while simultaneously providing a broader regional perspective.

Staffing Assumptions

CGR also assumes that the Regional Federation would not involve the creation of a new educational support structure within the region. It is anticipated that if such a Federation were to be created, the primary work would be done through its Regional Council members, or equivalent group, and various committees it might establish to work on specific tasks, such as those suggested above. For example, a committee might be formed of selected Council members and representative transportation directors to develop a plan to address regional transportation issues and bring back recommendations to the Council. We do not anticipate that

Other than BOCES Superintendent leadership and time, we anticipate no upfront costs or staffing needs as a result of the Federation.

new staff would be hired by the Federation to oversee any of the areas it chooses to undertake, but rather would use existing staff. If ultimately a new staffing configuration were to result in some areas, such as was suggested earlier in the report around special education issues, such staff might ultimately report to the Council, perhaps through an appropriate committee, but even in that situation, the restructured staff would be based on shifting staff from their current district-based configurations, rather than adding new staff.

We suggest that at least initially, any activities of the Federation, should it be formed, and of the Regional Council, be coordinated and overseen by the BOCES District Superintendent, with secretarial support as needed, at no additional cost to the member districts. We believe that such leadership responsibilities are consistent with the Superintendent's role. As such, we do not anticipate that there would be any additional upfront costs or staffing associated with the creation of such a Federation model.

Enabling Legislation

Based on discussions with State Education Department officials, it is possible that enabling legislation would be needed from the State Legislature for a Federation to be created in the region. No precedent currently exists for such a model within the State. As suggested earlier, the creation of such a model, and actively seeking and obtaining State support for it, could demonstrate directly and visibly the region's commitment to a change model, and to the provision of educational support services in a cost-effective manner.

Potential for Additional Regional Revenues

New York State has established within Education Law a Shared Services Savings Incentive to provide a 50% return to local districts of demonstrated savings to the State of at least \$100,000 in a year. Several of the potential savings outlined in this report would add up to millions of State dollars potentially saved on an annual basis. The region, through an applicant district, should be able to qualify for the reimbursement quite easily. However, the State has limited the resources allocated to this incentive to a mere \$200,000 statewide per year. Thus the specified "incentive" is in effect too small to truly act as a legitimate incentive for the scope of changes being suggested in this document. We suggest that districts urge their local representatives in State government to

push for an expansion of incentive funds to help reward communities for cost-savings, and to provide them with realistic, sufficiently-large incentives that may be needed to justify the willingness to undertake significant changes in existing ways of doing business. Broome-Tioga districts could substantially benefit from such an expansion of shared service incentive funds, if New York were to share with the districts a substantial proportion of the State savings that would be likely to result from the management efficiencies suggested in this report.

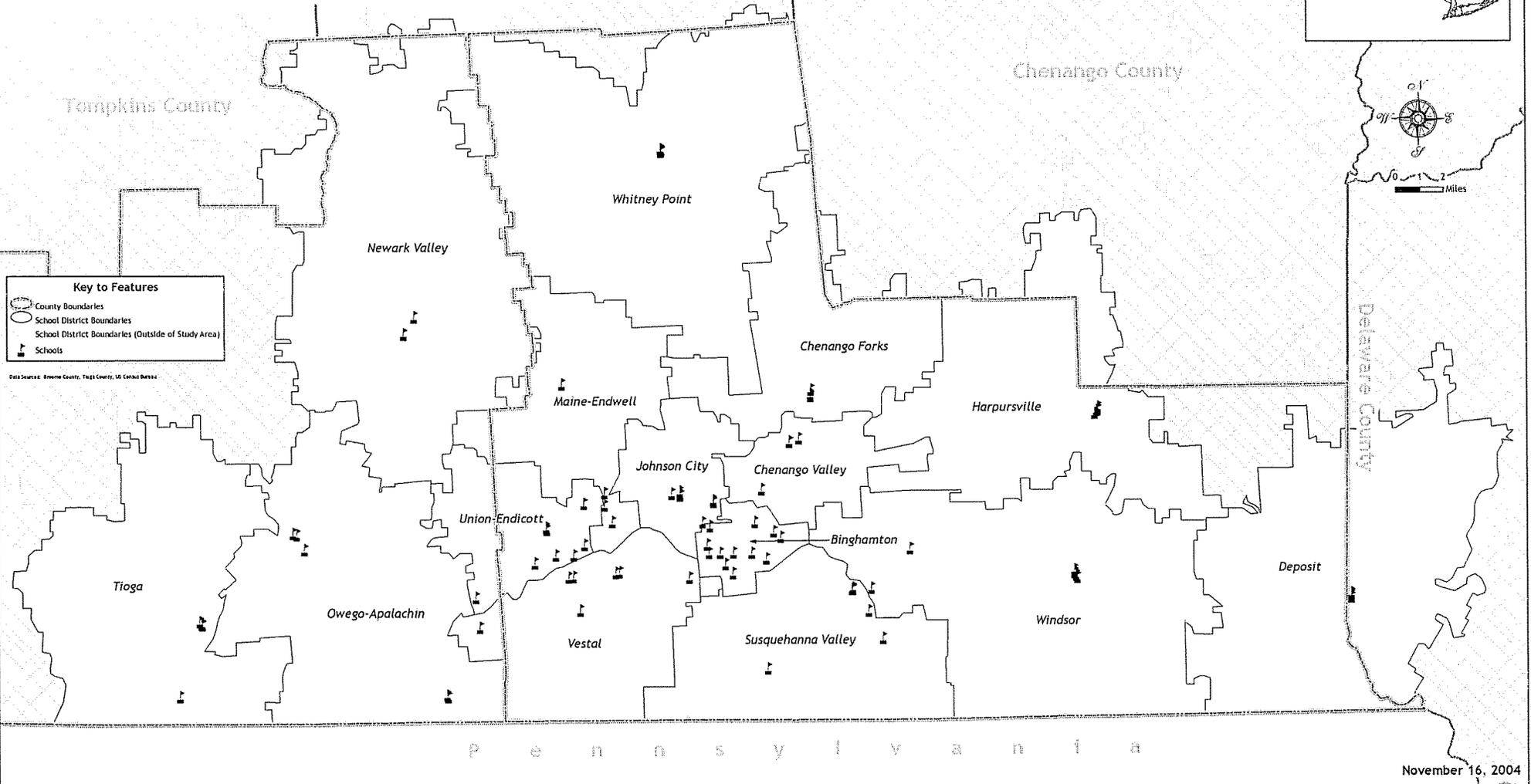
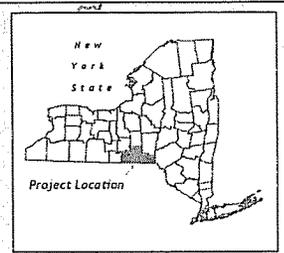
APPENDIX

Broome/Tioga Counties

School Reorganization Study

School Locations

Map A

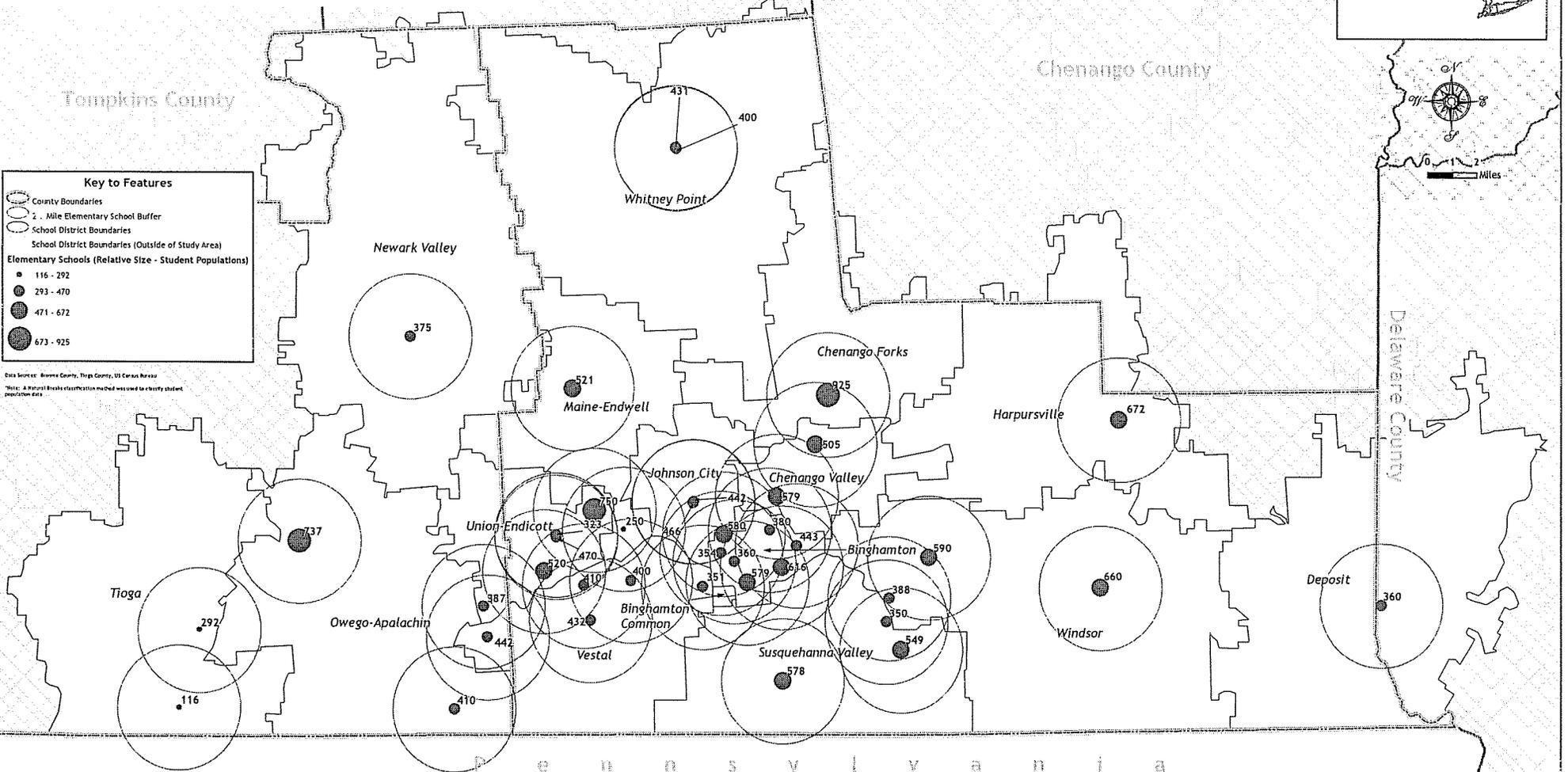
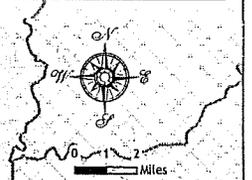


Broome/Tioga Counties

School Reorganization Study

Elementary Schools - Relative Size & Proximities

Map B



November 11, 2004

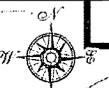


Broome/Tioga Counties

BOCES School Reorganization Study

Elementary School Overlap

Map C

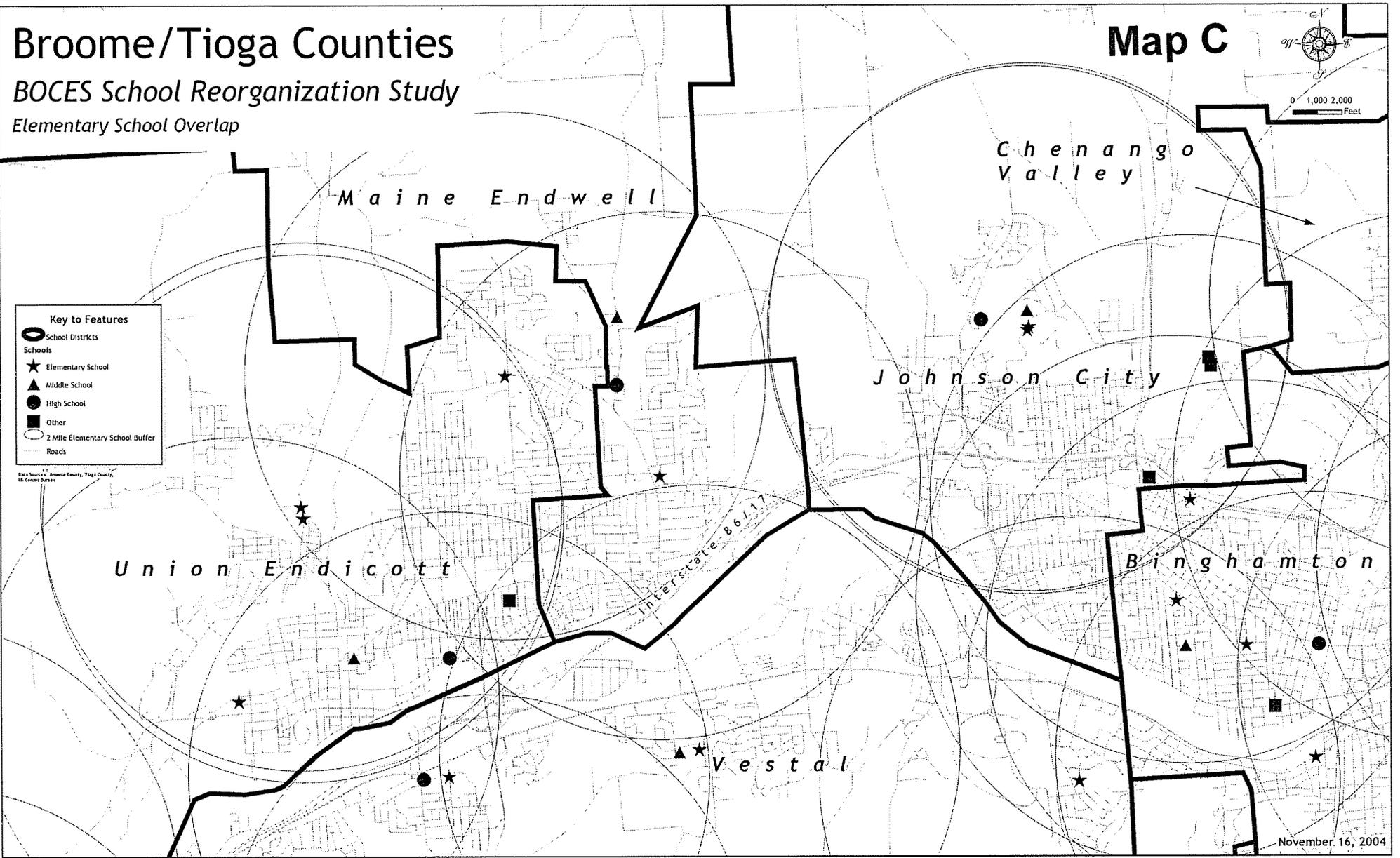


0 1,000 2,000 Feet

Key to Features

- School Districts
- Schools
 - ★ Elementary School
 - ▲ Middle School
 - High School
 - Other
- 2 Mile Elementary School Buffer
- Roads

State Source: Broome County, Tioga County, US Census Bureau



November 16, 2004



FOR GENERAL INFORMATION

NCES National Center for Education Statistics

<http://nces.ed.gov/ccd/bat/index.asp> - The Common Core of Data (CCD) Build a Table tool was used to make customized tables of CCD public school data for the 15 B-T districts and six out-of-state districts.

<http://www.nces.ed.gov/surveys/sdds/disclaimer.asp?t=c2000d.asp> - Resource for 1990/2000 school district demographics.

<http://www.nces.ed.gov/ccd/schoolsearch/index.asp?Search=1&DistrictID=3629610&ID=362961003985> - For district characteristics (e.g., census, fiscal information, staff).

<http://nces.ed.gov/> - Home page for the National Center for Education Statistics.

EMSC Elementary, Middle, Secondary, Continuing NYS Education

http://emsc32.nysed.gov/reprcdfall2003/links/c03_dist.html - Report cards for districts in Broome County.

http://emsc33.nysed.gov/reprcdfall2003/links/c60_dist.html - Report cards for districts in Tioga County.

<http://www.emsc.nysed.gov/mgtserv/Handbooks/AlphabetIndex.html> - Information on BOCES shared services.

http://www.emsc.nysed.gov/mgtserv/BOCES_forms/101_Cosers.web_newversion.ppt - PowerPoint presentation explaining Co-Sers, why have shared services, etc.

<http://www.emsc.nysed.gov/irts/655report/home.html> - A Report to the Governor and the Legislature on the Educational Status of the State's Schools: The Chapter 655 Report.

<http://www.emsc.nysed.gov/reprcdfall2003/information/elementary/guide.html> - Guide to Elementary and Middle School Assessments.

Report Websites

http://cpr.maxwell.syr.edu/efap/Publications/Publications_Working_Papers_main_page.htm - “Potential Cost Savings from School District Consolidation: A Case Study of New York” and “Does School District Consolidation Cut Costs?”

<http://www.seta.iastate.edu/publicservice> - “Preliminary Investigation of School District Expenditures with Respect to School District Size in Iowa.”

www.doe.state.la.us/1de/uploads/3475.pdf - “Small School Districts and Economies of Scale.”

<http://www.vesid.nysed.gov/sedcar/publicat.htm> - 2002-2003 NYS Individuals with Disabilities Act performance report.

Additional Resources

http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=DEC&_lang=en - 1990/2000 Census information used for income and poverty data.

Broome-Tioga School Board Association Annual Data Summaries

NYSED Pupils with Disabilities (PD-1) Reports

NYS Comptroller Annual School District Financial Reports