



SENATE STANDING COMMITTEE ON EDUCATION

**Testimony from Public Hearing on BOCES as a Model for Delivering Taxpayer Savings
in West Seneca N.Y. on October 8, 2009**

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October 7, 2009

My name is Greg Norton and I am the business manager at Niagara Charter School located in Niagara Falls. As business manager I responsible for the school's operations and as part of that I have become very familiar with how charter schools get their funding.

Funding for Charter schools in NY State is based on the following formula:

“The school district pays an amount to the charter school for each resident pupil so enrolled that is equal to the approved operating expense per pupil of the public school district. The exact amount payable for each pupil equals the product of the approved operating expense per pupil and the full-time-equivalent enrollment of the student in the charter school.”

As this is rather unwieldy, we in the charter schools simply note that the amount comes out to be about $\frac{2}{3}$ of the funds the home district of the student receives per student. The remaining $\frac{1}{3}$ of the money stays with the home district for what is commonly explained to be administrative costs. For Niagara Charter School we received \$10,015 for each student from Niagara Falls City School district in 2008-09, Using the $\frac{2}{3} - \frac{1}{3}$ calculation, approximately \$5,000 stayed back with Niagara Falls.

But the $\frac{2}{3} - \frac{1}{3}$ analogy does not cover the entire inequality of funding to charter schools. The formula only includes “approved operating expense per

pupil”, any additional funds such as building aid to the district is not part of the equation. In short, if the home district receives aid to build or renovate facilities that money is not included in the operating expense calculation, and, therefore, none of that money ever flows to the charter school.

But charter schools, like all schools, need facilities, but they do not receive any building aid and must pay for their facilities from operating incoming. Using Niagara Charter School as an example, a K-6 elementary school with 350 students, we pay \$476,000 in rent for a 39,000 sq.ft. building.

Taking building aid into consideration the gap between charter schools and traditional public school districts is even wider than the 2/3 – 1/3 split.

Unfortunately this current school year made the gap in funds increased even more.

Each spring the State Education Department releases a preliminary per student “tuition” for charter schools. For 2009-2010 it was calculated as:

The charter school tuition per pupil equals the product of the school district's 2007-08 approved operating expense per pupil multiplied by the percentage increase between the 2008-09 statewide total approved operating expense and the 2006-07 statewide total approved operating expense.

Since spending in 2007-08 increased over that in 2006-07, the charter school funding was in line for an increase under the funding formula.

For Niagara Charter School the preliminary tuition was \$11,117 per pupil for students from Niagara Falls City School District, who represent 95% of our enrollment, a \$1,100 per student increase over the previous year. For the school it meant an additional \$367,000 in revenue.

But the state budget battle that ensued resulted in charter school's funding being frozen at the 2008-2009 school year level. So, Niagara Charter School did not receive the projected \$11,117 for 2009-2010, instead it would receive only \$10,015.

At the same time, state funding to Niagara Falls increased by \$900,000 from \$96.7 million to \$97.6 million, and additional federal support added an additional \$2.1 million.

With charter school's share of funding frozen at the previous year's level, the additional \$367,000 Niagara Charter School had been expecting this year stayed with Niagara Falls, thus adding further to their increase in funds for this present school year.

So the gap widen even more with the home districts keeping 40% of the student's money.

When a charter school is faced with a budget gap, the school can't raise taxes to fill it, and the school must look at cutting its expenses. In short, charters must live within their means.

Yet, despite this difference in funding, charter schools continue to succeed in the classroom. Study after study illustrates that charter school students are performing at levels equal to or greater than that of their counterparts in the traditional public schools.

By having access to services from a long-standing and proven educational support institution like BOCES will help charter schools in their efforts to provide their students with the best education possible and will do so in a more equitable structure than what we see now.



NYAPT

NEW YORK ASSOCIATION FOR PUPIL TRANSPORTATION

266 Hudson Avenue • Albany, NY 12210 • PH: 518-463-4937 • FX: 518-463-8743 • WWW.NYAPT.ORG

Our future is riding with us!

**STATEMENT OF THE NEW YORK ASSOCIATION FOR PUPIL TRANSPORTATION
HEARING OF THE SENATE COMMITTEE ON EDUCATION RE:
BOCES AS A MODEL FOR DELIVERING TAXPAYER SAVINGS**

OCTOBER 2, 2009

My name is Peter Mannella and I serve as the Executive Director of the New York Association for Pupil Transportation.

Thank you for this opportunity to come before this Committee to discuss the role of BOCES in the delivery of school transportation services for our students with a special emphasis on delivering savings to our taxpayers. This topic is timely and is part of a vital conversation in which we must all engage if we are to survive this financial crisis we face.

WHO ARE WE?

The New York Association for Pupil Transportation (NYAPT) is a not-for-profit membership organization comprised of some 600 women and men who are dedicated to the safe and efficient transportation of more than 2.3 million school children in our state. These professionals have dedicated their lives to the incredible and exemplary school bus safety record that has been established in our state over the years.

Our members are committed to on-going, rigorous professional development, proactive advocacy, research and preparation to ensure excellence in the school transportation enterprise. (Please visit our website www.nyapt.org for information about our members and our work.)

THE PROBLEM FROM OUR PERSPECTIVE

Our state faces significant financial obstacles that are challenging our ability to provide many services, most particularly the education of our children. These challenges require us to perform our responsibilities in smarter, more efficient ways. It is important that we learn from this situation and enable our education enterprise to grow and thrive on behalf of our children.

The members of NYAPT fully subscribe to the idea that school transportation is an investment by taxpayers that must be managed smartly and efficiently. We understand that school transportation is no less subject to cost-reduction and management measures than any other school service or discipline. But we also believe that school transportation should not be subject to those efforts **more** than other disciplines or services.

We believe that there are ways in which transportation services might be rendered more efficient through shared services between districts, shared maintenance facilities or services between

districts and municipalities, shared services for out-of-district special education transportation, joint training programs and cooperative purchasing arrangements among school districts/municipalities.

We believe the state needs to look at those laws and regulations or procedural requirements that stand in the way of progress on these fronts and begin to provide incentives for such arrangements. They make sense; therefore they will occur if they are fostered and facilitated.

But let this be clear: school transportation managers have been required to constrain costs and minimize routes and expenses for many years. We work hard each year to optimize our routing through computer-based routing software and drive our routes to look for ways to reduce costs and time on the road. This is nothing new for transportation professionals.

However, we are concerned about the kinds of proposals that have surfaced with specific regard to school transportation services, particularly those proposals that center on top-down consolidation or regionalization of those transportation services. Accordingly, in recent months, we have had conversations with our members and with others in the education arena. We have made presentations to state commissions and have met with others in the education community. We have shared communication with the Board of Regents and with staff at the Education Department. We have made our thoughts known to the Executive and to the State's Budget Division.

Our message has been the same: we do not object to working with proposals to coordinate or consolidate. But we do object to a wholesale "one size fits all" approach that, without a reasonable amount of study and cost analysis, would attempt to consolidate or regionalize on the basis of no facts and no cost and impact estimates. We do believe that there are answers but none will be easily found. Accordingly we cannot subscribe to the unsubstantiated notion that cost savings in school transportation will be derived by requiring those services to be conducted on a regional or consolidated basis.

When it comes to transportation services, there are many factors to be considered that are not in play when one considers other so-called "back office" operations like purchasing, contracting or accounting and legal services. School transportation is *unique* in that it involves the moving of our children to multiple destinations using a variety of routes and encountering all sorts of challenges along the way. Our members transport 2.3 million children every day from their homes to school buildings in nearly 700 school districts in the state. Those children ride on 50,000 state-of-the-art school buses driven by some 50,000 well-trained and safety-conscious school bus drivers. Of necessity, school transportation services are reflective of the culture of a community and they often change from district to district in accordance with the needs and priorities of that individual district's parents and taxpayers.

Any potential solutions under consideration must be able to address those needs and priorities or be susceptible to failure and the disdain of taxpayers. In the case of ensuring the safety of our children, we don't have the option of experimenting for a few weeks or months to see if it works; *we had better be sure it works first time, every time.*

THE VALUE OF SCHOOL TRANSPORTATION SERVICES

The yellow school bus adds value to the school day and the community at several levels – any of which could be affected by efforts to consolidate or coordinate services from the top.

First of all, we believe that the school bus ride is actually the first class of the day. It is on the yellow school bus that more than 2.3 million children have their first contact with their school system each day. It is important that that bus ride be of the highest quality, safety and efficiency for all involved.

Second, the yellow school bus provides an economical and environmentally sound approach to moving over 2.3 million children from home to school and back again each day of the school year. Riding on the yellow school bus averts the need for the parents of those children to drive their personal vehicles to school in the morning and the afternoon, adding to traffic at the school entrance and adding to the pollution caused by their vehicles. The yellow school bus is the educational version of public mass transit.

Third, the yellow school bus provides access to education for all children. Recent studies about attendance and performance in school suggest that the absence of a school bus results in increased truancy and absences from school, which in turn results in decreased performance and academic success.

Fourth, the availability of the school bus means that moms and dads are able to ensure that their children get to school on time and that they can get to their places of employment on time as well. The absence of the school bus can prove to be an economic detriment to those same parents.

Lastly, and most important, academic research has determined that the school bus is the absolute safest means to transport our children. Bar none. This research shows that a child is 430 times more likely to be injured or killed in a parent's vehicle or a friend's vehicle or on foot or on a bicycle than when riding in a school bus. It does not get more compelling than that.

LOCAL VS. REGIONAL DELIVERY SYSTEMS

Over the past year or so, our profession has been reacting to commission reports and Regents proposals that have focused almost exclusively on the idea of consolidating or 'regionalizing' school transportation services. We are pleased at this opportunity to share with the Committee several perspectives on school transportation efficiency in the context of this hearing related to the utilization of BOCES for school services.

Many of the proposals that have emanated from several studies and reports in recent years suggest that school transportation can be more effectively delivered through a consolidated approach with BOCES in the role of coordinating those services. Moreover, some of the proposals are based on the suggestion that partially filled school buses are indicative of waste and duplication in the transportation system. The loading and routing of school buses has become a more precise exercise in recent years due to the onset of computer-based routing software that encourages efficiencies in routes and schedules. Transportation managers are constantly re-configuring their routes to accommodate more children with more diverse needs and schedules. These very

sophisticated systems that often include GPS for moment-to-moment route management have greatly streamlined transportation services. The charge that the system is inefficient is inappropriate and the solution of consolidating transportation to avoid perceived inefficiencies is inappropriate as well without detailed analysis of the cost and operational implications of such a change. We hope to discuss these implications below. Our intent is not to shut down discussions about consolidation or increasing efficiency. Rather, we want there to be an intelligent and research-based review that will lead to well-considered policy options that are good for our children and our taxpayers.

While this committee and others are looking at ways to more effectively utilize BOCES services, we would offer that such services historically have been available to school districts to accomplish objectives that were not attainable individually. If the state is looking at ways to engage BOCES, that same measure must hold true: BOCES services should not be mandated but should be made accessible on a flexible, cost efficient basis to address local priorities and needs.

As those services are provided, the Senate and this committee are urged to consider several factors that affect the use of BOCES or that might suggest other approaches to cost containment and resource optimization

PRICE OF SERVICES

It often has been suggested by commissions and in other forums that resources could be saved or expenses reduced by consolidating transportation and other services through the BOCES or other regional entities. While we do not disagree that some school transportation operations might become more efficient with BOCES coordination, we do not believe it is a formula that works effectively in all situations or locations in the state.

More to the point of costs, our members in the Capital region and in Suffolk County share episodes where the use of BOCES to deliver school transportation services has actually cost their school district more money than other options. BOCES operations increase the base costs of providing transportation through their ability (requirement?) to charge an administrative fee on top of the direct cost of the transportation. In an era when private contractors are being held to no increase for inflation (because of the contractual increases statutorily linked to the CPI which is at or below zero), it is inexplicable that a BOCES should charge more than the private contractor for services.

There is no financial incentive for a district to utilize the services of a BOCES if the costs are prohibitively high. For example, one Capital area school district found that it could transport a child to a Rochester school at half the cost by cooperating with another school rather than contracting with BOCES. This scenario plays out in other cases elsewhere in the state as well. Accordingly, we propose that – if regional systems are advanced -- the fee structure for BOCES delivery of such services, similar to the CPI concept, should be reviewed to ensure economies in the system as well. Such measures would help to make the utilization of BOCES for these and other services more competitive and cost effective.

FACTORS TO CONSIDER

We offer several *reality-based* situations or factors that our members have raised with us that should be given consideration in any plan to consolidate or regionalize school transportation. Again, the intent is not to object or reject the idea of consolidation but to be realistic in assessing the applicability of consolidation in all settings.

Geography:

There are many places in the state where it is just plain impractical to suggest that reasonable bus routes could be assembled for larger geographic areas. These include communities separated by mountains such as in the Catskills or Adirondacks. It also includes areas separated or connected by major bridges or interstates which pose traffic and movement obstacles. Moreover, it would be impractical to suggest that routes could be effectively managed in larger districts with larger distances between schools and homes in high traffic communities. These are real concerns that will affect the length of the ride for our children, the conditions of that ride, effects on equipment and related concerns.

Geo-Politics:

In order to make a system work effectively, it will often be necessary to incorporate a small city school district within a regional area. These districts are governed in different ways and are not required, for instance, to transport students to schools outside their geographic boundaries. How will this be accommodated if the area is regionalized?

Moreover, district priorities reflect the priorities and needs of the citizens and taxpayers who live in and support the school districts with their tax dollars and votes. The further away we take transportation services from those invested citizens, the more likely we are to encounter problems and criticisms.

Number of School Facilities:

The Legislature must realize that there is no potential for reducing costs in any significant way if there is no change in the number of school districts or school buildings. Even a regionalized transportation system will still need to deliver a set number of children to a set number of school buildings. The number of students and the number of destinations determines the overall cost of the transportation service---it is not determined by how many depots or bus yards are involved.

That is to say: regardless of whether there are fewer transportation operations in school districts, the number of building destinations will always determine the cost of the transportation. Without a change in the number of district or buildings, the costs of transportation can be reduced or moderated only slightly.

To this point, we are aware of two studies that were conducted by groups of school districts that were interested in consolidating their transportation services. One group was located in the Capital district and the other in the Binghamton area. Both groups undertook the study in the hopes of merging efforts and operations to save costs and duplication. Neither group moved forward with those plans because they found that there were little or no costs savings. This was due in large part to the fact that there were no reductions in the number of destinations, hence limited opportunities for savings.

Students with Special Needs:

We are concerned that state reports and commissions have targeted the costs of transportation but have not studied the reasons for these costs. That is, there are significant costs attached to transportation of children to extra-curricular activities (which is not borne by the state but demanded by numerous local school districts for our students) and the costs of transporting students with special needs or homeless students who need access to a quality education.

Transportation becomes the equalizer to ensure these students receive the education to which they are entitled. We believe strongly in the importance of that service and providing a quality ride to school for all students. But we remind the committee that such services can be more specialized and can also be more costly as a result. We are eager to look for ways to mitigate those costs or to have them moderated by improved communication between those who implement and those who manage these programs and services for the children.

Bell Times:

We know that there are additional school buses being deployed to transport students to private and parochial schools as well as to BOCES programs because of the lack of coordinated bell times. Clearly no transportation system, regionalized, consolidated or otherwise described, can deliver children to multiple stops that require their arrival at the same times, regardless of how close they are located. It is simply not possible.

We have sought out the schools involved, including BOCES operations and tried to adapt bell times to allow for fewer buses as well as drivers and assistants being on the road – and less costs being incurred. The response has been scant and the opportunity has been lost – so far. We will continue to pursue such avenues and look to the Legislature and the State Education Department to assist and facilitate such changes, whether through statute or by policy development and technical assistance. We believe that millions of dollars can be saved in this way and we are eager to try to implement some of our suggestions.

Multiple Depots:

There is a theory being shared in many reports that consolidation will yield savings simply by reducing the need for large numbers of staff. In reality, larger geographic areas will continue to require multiple school bus depots that are equipped with reasonable numbers of school buses. No regional area can operate out of one depot. The private sector has demonstrated this fact, e.g., United Parcel Service, FedEx, or even private school bus operators. The location of multiple operations reduces dead-head miles and the length of ride for school children (note well that length of ride is the most common complaint from parents/taxpayers). The Legislature should think seriously about the reality that there will be minimal reductions in school transportation staffing levels and very little reduction in the actual number of school buses on the roads.

Capacity:

As state policy-makers explore the concept of regionalizing transportation into BOCES operations, we ask that you consider that there is currently little or no capacity at the BOCES to deliver such services. Where transportation services are being provided, the BOCES are doing quite well as our members will acknowledge. We are proud of many BOCES transportation professionals among our members and they contribute to our work in many ways. They are dedicated professionals.

However, most BOCES transportation programs focus on training or transporting students with special needs or disabilities. Several BOCES programs also have stepped in to provide transportation management services on a contractual or shared services basis and employ new or retired transportation managers to carry out these responsibilities. While they perform well at these services, they do not currently have the capacity to carry out the broader responsibilities of transporting 2.3 million children every day.

If the state were to move to a BOCES-based system, the BOCES would need to purchase or assume ownership of sufficient vehicles, maintenance facilities, drivers and staff to maintain a safe fleet for our children. They also would need to retain the services of management personnel (transportation supervisors) who would ensure the efficiency and compliance of their operations. This is a similar approach to what some Southern states are doing in their larger county operations, but does require an investment in facilities, staff and rolling fleet.

Simply put, they would subsume many of the assets and human resources of local school districts to carry out their new role. While there might be frictional changes in the number of personnel required to accomplish this, the numbers of children and schools dictate that base operations would remain, albeit under different oversight. The minimal costs savings (lower administrative staff?) does not, in our opinion, justify the resulting disruption in services to children and taxpaying parents. We strongly urge that a serious analysis of these factors be completed by an independent source before any steps are taken to advance a policy change that will affect so many of our children.

Weather:

Consider this scenario: it is snowing in Averill Park school district and it is expected to bring 10 inches of snow and a coating of ice. In neighboring East Greenbush schools, it is lightly snowing but there is added sleet in the mix. In Rensselaer schools immediately adjacent to the East Greenbush schools, it is just raining.

The three school districts are contiguous and are part of a regional school transportation operation under the state's plan. If they were not consolidated for transportation purposes, Averill Park would close, East Greenbush might delay opening for an hour and Rensselaer would open on schedule. Under a consolidated approach, all three would be forced to close out of deference to the risk inherent for the children who would be transported to the schools in Averill Park. Once the routes are consolidated or merged, there is no reasonable or efficient way to segregate them out to allow one component school to open while the others close.

Here again, the Legislature and others supporting such consolidations need to consider these real-time problems that must be addressed BEFORE casting that die.

SHARED SERVICES INCENTIVES

We would encourage the state to invest more substantially in programs like the Department of State Shared Services Municipal Grant Program as one means to provide incentives for local school districts and municipalities to explore and demonstrate the efficacy of coordinated efforts. School districts can serve as laboratories for the creative and practical ideas that are generated by

the professionals who manage our schools, including transportation managers who must innovate to solve problems every hour of the day.

OVERALL COST REDUCTION RECOMMENDATIONS

We offer a range of ideas that have been generated by conversation with our members over the past 8-10 months in regional and chapter meetings. We firmly believe that school transportation is an enabling service that is used by school administrators and others to ensure that all children get the education they need and are entitled to receive. This often includes exclusive routes to meet a student's needs or late day transportation to facilitate after-school programs – all of which are costly to deliver. We are concerned that, as a result, transportation is being viewed as costly and a place for cost reductions. We believe that there are systemic improvements that could be made that would by their implementation reduce the costs and inefficiencies that are perceived as transportation-related.

Our initial thoughts are included here:

- *Increase Efficiency of Transportation by Coordinating School Calendars and Bell Times:* Coordinate annual school calendars and, to the extent possible, session times for all public, charter, parochial and non-public schools to facilitate transportation services and to make such services more efficient. This needs to be considered on a statewide basis or, at the very least within a BOCES district to achieve real savings.
- *Incentives for Shared Services:* Provide incentives for OR remove disincentives to increased sharing of transportation services among school districts. Currently districts are penalized in the aid formula if they share services on a formal basis that involves an exchange of funds to absorb costs.
- *Allow Piggybacking among School Districts:* Remove obstacles that prevent school districts from 'piggybacking' on existing contracts for transportation services, with the concurrence of the contractor. If this practice were allowed or facilitated, a school district could, under certain circumstances, be included in another district/districts' contract for, for instance, special education transportation.
- *Disallow Transportation of Non-Public Students before the Official Start of School:* There is some ambiguity in the law regarding whether school districts may or must provide transportation services to non-public school students prior to the official opening of their own school year. The Education Department is considering allowing such transportation, which could add up to significant additional expenditures at a time when we are seeking to reduce expenditures. This issue needs to be clarified in statute. The potential costs and disruption to school districts are considerable.
- *Eliminate Duplication of Fingerprinting for School Bus Drivers:* Amend the Education Law to allow school bus drivers who have already cleared the Article 19-A finger-printing requirements and SED training requirements to serve as attendants or monitors without having to satisfy those requirements a second time.

- *Freeze on New Equipment Mandates for School Buses:* Impose a freeze on new mandates for equipment to be installed on school buses absent a fiscal note and an assessment that determines the safety benefits of the equipment and the impact on other equipment currently installed on the school bus.
- *Review Current School Bus Equipment for Potential Cost Savings:* Implement a comprehensive study of equipment that is currently mandated to be installed on school buses (particularly where such equipment exceeds recommended or regulatory federal standards) with the purpose of identifying those that could be modified or eliminated without compromising safety.
- *Eliminate Mandate for Costly Back-Lit 'SCHOOL BUS' Sign:* Allow school bus operators the option of equipping school buses with reflective front and back "SCHOOL BUS" signs in lieu of the back-lit signs currently mandated.
- *Increase Efficiency of Special Education Transportation Through Increased Coordination:* Require consultation by the Committee on Special Education with school transportation officials in the development of Individualized Education Plans for students with disabilities where such IEPs involve transportation, prior to the execution of the IEP.
- *Transportation Costs for Universal Pre-Kindergarten Students:* Provide funds in support of school transportation services for students in the state's Universal Pre-Kindergarten program; presently the costs for such services, to the extent they are allowed, are not eligible under Transportation Aid and are borne by local taxpayers.
- *Reduce the Transportation Radius to 10 Miles:* We have heard from some districts that estimate that more than 20% of their costs are incurred for transportation provided between 10 miles and 15 miles for attendees at non-public schools. While this is not scientific, the point is that the additional miles traveled results in significant expenses and requires dedicated buses so that those trips do not affect the length of ride for other students. There are advocates for increasing this mileage radius to 25 miles that would significantly increase the costs to school districts. We cannot support such an increase and are considering advocating for a reduction in the statutorily mandated radius.

IN SUMMARY

In summary, our position is that:

- the school transportation system in New York State has served our children and our taxpayers well and we maintain the best safety record in the nation as a result;
- school transportation services have historically been best addressed at the local level;
- efforts to consolidate school transportation services should be based in exhaustive study of costs and operational impact and then led by local decision-makers to address local needs;

- efforts by the state to super-impose a regional transportation scheme over a geographic area without similar changes in school boundaries cannot be supported by fact or experiences;
- every option should be given a fair hearing and thorough discussion to ensure success. This clearly includes more expansive and creative utilization of BOCES for transportation and other service in our schools;
- the state should facilitate efforts by local school administrators, school transportation managers and school boards to share services, consolidate services, and reduce costs without reducing or affecting the safety of our children.

Our children rely on our best judgment and decisions. They cannot afford our failures in this matter. For them, it becomes a matter of life and death.

On behalf of the members of the New York Association for Pupil Transportation:



Peter F. Mannella
Executive Director

Good Afternoon Ladies & Gentleman, my name is Tom Kulaszewski and I am the President of Promoting Partnerships in Public Education, which is the collaborative arm of the Erie County Association of School Boards. Our organization began as an outgrowth of a regional collaboration study conducted by the county school board association in coordination with the Cornell University School of Industrial and Labor Relations to identify and foster school collaborations which would lead to providing equity, efficiency and effectiveness in the delivery of educational services to area schools.

In the course of the study many colleges, universities, business groups, non-profit organizations, social service agencies and municipalities were identified as potential partners, but the premier resource available for school collaboration was the BOCES model.

Just this morning, our organization co-hosted a Community Schools Summit, which hopes to strengthen the Family Support Center model championed in our community by Regent Bennett when he was the president of the United Way of Buffalo and Erie County. As you may know, most of our existing family support centers received start up funding from charitable organizations like the United Way, a resource that in the present economy no longer exist.

In my role as Vice-President of the Cleveland Hill School Board, we looked to BOCES as a resource for identifying an opportunity to begin a family resource center for our community to address the non-academic impediments to learning facing our school district, which as a first ring suburb of Buffalo, faces a rapidly changing demographic. By utilizing a BOCES Cooperative Service Agreement (COSER), we were able to start our resource center much sooner and in a much more efficient and cost effective way. The COSER agreement model has provided and continues to provide area school districts with a much need incentive to look to collaboration whenever possible.

One other area for possible growth within the BOCES model might be the creation of a Skills Bank of area educators. By identifying local "experts" in areas such as differentiated instruction, balanced literacy initiatives, response to Intervention, or the co-teaching model, these educators could be called upon by area districts to provide professional development at a much lower cost. It would also strengthen the professional development process because there would be a local "expert" for educators to contact for additional information after the initial training has ended.

In closing, I would like to thank you for continuing to explore ways for the BOCES model to continue to expand the resources available to local school districts.

BOCES as a Model for Delivering Taxpayer Savings

Presented to the Senate Standing Committee on
Education

Written Testimony of Dr. Clark J. Godshall
District Superintendent of the Orleans/Niagara
BOCES and Past President of the New York
State Council of School Superintendents
(NYSCOSS)

October 8, 2009

Dr. Clark Godshall
Orleans/Niagara BOCES
4232 Shelby Basin Road
Medina, New York 14103
800-836-7510 x2201

Introduction

In 1995 the New York State Board of Regents accepted the *Regents Study on Cost-Effectiveness in Education-Final Report*. It was the third policy development effort to be sponsored by the Board of Regents, following one study with regard to Equity and another about Revenue Generation. The report was the result of a symposium that was designed to generate concepts, ideas and recommended actions that held promise for the improvement of cost-effectiveness financial practice in education. The report that ensued produced a body of data and views, and ultimately recommendations which helped to guide educational policy formulation for the New York State Education Department in subsequent years.

This document will delve into the six study recommendations below, presented in 1995, to improve cost-effectiveness of the New York State Education Department and suggest actions that should be applied to maximize school district resources. Models of collaboration in the areas of financial management and support services are emphasized.

The six recommendations of the report were:

- 1. A Culture of Cost-Effectiveness Needs to Begin at the Top:** The New York State Education Department sets the tone for the need for schools/school districts to be more cost-effective. Further, the New York State Education Department would also become more cost-effective.
- 2. The New York State Education Department should serve as a Resource to Districts on Cost-Effectiveness:** The assessment of cost-effectiveness of different programs or initiatives often involves research and analysis that cannot be carried out in a single school district. Such an enterprise would exceed the resources of many districts. Further, such analysis could benefit more than one district. Thus, it was reasoned that the New York State Education Department should serve as a statewide resource concerning cost-effectiveness in the areas of teaching approaches, special education, class size, professional development, class scheduling and technology. From their statewide vantage point the State Education Department would be able to examine and analyze a

multitude of practices. The result of such an examination would be recommendations, examples of best practices and model uses of cost-effective strategies.

3. Cost-Effectiveness should not be limited to the Department of Education:

The costs and effects of actions that are taken to educate children are not limited to the responsibility of the New York State Education Department. It was anticipated that schools/school districts would embrace strategies aimed at cost-effectiveness that were proven successful.

4. Careful Experimentation with Incentives could Yield Benefits: Absent specific

financial incentives or financial assistance schools/school districts do not have the resources to determine or even attempt cost-effectiveness in many areas and further, are reticent to act on certain projects aimed at greater cost-effectiveness due to the large financial and political risks that such initiatives often entail.

5. Improve the Education of Administrators in the Area of Cost-Effectiveness:

Administrators serve a role models, leaders and gatekeepers for their respective schools/school districts. With these duties comes the accountability to ensure that monies are spent appropriately and wisely. This requires more than a passing knowledge of basic finance. It requires greater levels of knowledge, understanding, applications and skill of educational and business finance strategies and procedures.

6. The New York State Education Department should focus on Several

Promising Ideas for the Promotion of Cost-Effectiveness: While every aspect of education can be examined from a cost-effectiveness perspective; some areas of examination offer more promise than others. All areas must be uncovered and researched to determine their potential efficacy for increased cost-effectiveness.

Purpose

The purpose of this paper is to update previous recommendations of cost-effectiveness in the area of Management and support services, to stimulate the state-wide discussion on shared services with a comprehensive review of current issues and to formulate updated recommendations for state-wide policy initiatives.

Background

In most states, anywhere from one-third to one-half of every dollar spent on education never makes it into a classroom¹. The money, in those states goes to administration, support services and operations. Lacking economies of scale and often-sufficient management expertise, many small and medium-sized districts find it extraordinarily expensive to provide the full array of support and administrative services in-house.

In New York State the Board of Cooperative Educational Services (BOCES) contributes significantly toward the enhancement of the organizational and management capacity of schools/school districts. Each BOCES has a long list of such programs and services. Large portions of that list are based on a wide variety of locally determined needs. A review from a national perspective identifies potential and current collaborative initiatives that characterize services offered in New York State. Table 1 illustrates the variety of offerings on a national scale. This conservative list represents the results of the most recent national survey conducted by the Association of Educational Service Agencies (AESA) and identifies the categories, but not in all cases the specific nature, of programs or service offerings. Each of these programs and services is designed to strengthen the organizational and management capacity of schools/school districts. The survey respondents represent, 438 (86%) of the member organizations of AESA. The respondent service agencies are located in 30 different states and represent what is generally regarded to be some of the most comprehensive individual and statewide networks of service agencies in the nation.

Forty-three respondent agencies (9.8%) identified a type of management service not specifically listed as a choice in the survey. In order to illustrate the range of programming efforts engaged in by service agencies, they noted "other" as a response.

1. "Driving More Money into the Classroom: the promise of Shared Services" by William D. Eggers, Lisa Snell, Robert Wavra, and Adrian Moore, October 2005, Deloitte/Reason

These data are found in Table 1. Additionally, the table annotates examples cited in a sampling of the websites and the current annual reports of individual service agencies, as well as those referenced in the composite annual reports of an entire state network of service agencies to complete a comprehensive, albeit conservative, list.

Program /Service Category²	Number of Agencies Offering Services	Percent of Agencies Offering Services	Rank
Cooperative purchasing services (product not specified)	280	63.9	1
Computer services	263	60.0	2
Fiscal planning	234	53.4	3
Audio visual repair services	193	44.5	4
Personnel recruitment and screening services	186	42.5	5
Special needs student transportation services	153	34.9	6
Insurance planning	152	34.7	7
Teacher/administrator credentialing services	147	33.6	8
Shared staff planning and administrative services	141	32.2	9
Safety risk planning	135	30.8	10
Fingerprinting services	132	30.1	11
Management planning	110	25.1	12
School district organization planning	110	25.1	12
Energy management planning	104	23.7	14
Maintenance management planning	102	23.3	15
Program auditing services	101	23.1	16

Source: Membership Survey, 1999-2000, Association of Educational Service Agencies. Arlington, VA [unpublished]

2) The 16 program/service categories were established in the survey instrument that was finalized after two rounds of field-tests. A small number of respondents identified a program or service not included in one of the 16 categories. Forty-three respondents identified "other" (see Table 2).

Examples of Support Programs

A brief description of some organizational and management support programs and services that hold promise for economy of scale or other cost effective efficiencies follows. The examples cited were selected from a large potential candidate pool of current BOCES services and are included to illustrate several key points, including ways that a BOCES in New York State increases the capacity of the schools/school districts they serve:

- strengthens critical schools/school districts management support systems, in both metropolitan and non-metropolitan settings, and further, provides incentives to engage in such efforts within its state role as evidenced by an extensive scope of programs;
- serves metropolitan and non-metropolitan areas, to enhance the ability of its clients and customers to leverage their existing financial resources through the use of these programs; and,
- functions in a systemic state network to provide management support services to assure a degree of equity for students in all districts.

As an example, note that cooperative purchasing could be used as an illustration of how a program activity enhances the management support system of schools/school districts. The resources of a BOCES provide greater resources to develop detailed and accurate bid specifications, one of the critical steps for the purchase of products. Furthermore, this service also serves as an example of how a BOCES service contributes to the ability of schools/school districts to better leverage existing financial resources.

Strengthening Management Support Systems

BOCES in New York State are deeply engaged in the provision of programs and services designed to strengthen the management support systems of schools/school districts. BOCES act as state-sanctioned clearinghouse for multiple districts in a region to share costs of goods, services and technology. In some cases, their involvement in a program area is mandated by statute or regulation. In other cases, it represents a response to the decisions reached by advisory groups representing schools/school districts served by the BOCES. Examples of such services are provided in Table 2.

Table 2
 Illustrative Examples of Programs and Services that Address
 the Organizational and Management Capacity of Schools/School Districts

- | | |
|--|---|
| <ul style="list-style-type: none"> ● Planning Programs/Services <ul style="list-style-type: none"> ▪ Food services planning ▪ School-community strategic planning ▪ School communications planning ▪ Facility heating/ cooling planning Management systems analysis and design planning ● Financial Programs/Services <ul style="list-style-type: none"> ▪ Financial accounting services ▪ Shared Business administrator ▪ Property inventory/accounting services ▪ Worker's compensation claims adjudication services ▪ State aid services ● Cooperative Purchasing Programs <ul style="list-style-type: none"> ▪ Consumable paper products ▪ Audiovisual supplies and equipment ▪ Technology supplies and equipment ▪ Art, music, science and athletic supplies and equipment ▪ Natural gas, electric and fuel oil products ▪ School lunch commodities ▪ RFP for professional services ▪ Health and Liability consortiums ▪ Co-op bid of legal advertising, specification preparation and postage | <ul style="list-style-type: none"> ● Other <ul style="list-style-type: none"> ▪ Drug/alcohol testing services ▪ Crisis intervention services ▪ Bus routing services ▪ Home/Hospital teachers ▪ State and federal legislative monitoring services ▪ Enrollment projections ▪ Medicare/Medicaid reimbursement services ▪ Printing and production services ▪ Adjudication of school district boundary changes ▪ Grant writing ▪ State Aid Planning Services ▪ Public Relations ▪ Regional in-service -training consortium ▪ Scheduling regional interscholastic, athletic events and assignment of officials for these events ▪ Data processing services (e.g., student scheduling and attendance, fiscal management, property inventory ▪ Regional special students transportation services ▪ Coordination of business-education alliances ▪ EAP services ▪ Centralized printing services ▪ Substituting calling services |
|--|---|

Some of the most common products included single or multiple cooperative purchasing programs such as: audiovisual supplies and equipment, computer components and peripherals, photocopiers, office and school supplies, custodial equipment and supplies and school cafeteria commodities and equipment. Some service agencies have ventured into the purchase of utilities such as, electric power, on a regional basis. These examples provide some insight into the

extensive involvement of service agencies in efforts to enhance the organizational and management capacity of schools and school districts in their service region.

The examples of program and service areas shown in both Table 1 and Table 2 provide only a partial view of the depth and breadth of the particular themes cited. For example, the AESA survey instrument requested respondents to indicate whether or not they provided a cooperative purchasing program. Of the respondents, 280 (63.9%) reported that they did. However, the review indicates that a number of service agencies currently appear to limit their efforts to the sponsorship or purchase of a single product type. Yet a much larger number of service agencies administer cooperative purchasing programs that include a wide variety of products.

There are BOCES in New York State that provide statewide services to other BOCES and to schools/school districts beyond their immediate service area. Three different examples of these ancillary services are described below. Together, they illustrate the diverse ways that BOCES provides assistance in strengthening the management support systems of public schools throughout the state as part of a statewide mission.

1. Many BOCES collaborate with others in the provision of a Policy Update Service to schools/school districts. The program has three major components: the provision of abstracts of the latest state and federal mandates, state and federal laws and regulations; sample policy statements; and, technical assistance for those districts interested in crafting their own policy statements based on the experience of others.

2. The Regional Information Centers (RICs) offer data management programs designed to improve the management and use of data in all areas of decision-making. Student and administrative services are maximized in terms of centralization of service support and delivery.

3. A downstate RIC BOCES offers local districts a communications audit, a comprehensive assessment of the ways that a district provides information to and receives information from its public.

Additionally, there are ways in which a BOCES provides services to school/school districts within their service area that provides needed resources essential for the smooth operation of the school/school district:

1. Some BOCES also provide comprehensive business management services to small and rural districts in their service area. A school district can purchase up to three days on-site service per week or join in a centralized business office operation. Often districts are matched up to share these services for cost efficiency and economy of scale.

2. A majority of New York BOCES offer a Field Service Negotiations service whereby the BOCES will provide local school districts a range of technical assistance on various phases of the negotiation process, as well as serving as spokesperson for the school district's negotiating team throughout the process. These services also include contract administration, contract interpretation and compliance. Often these services also provide districts with assistance with regard to general or specific personnel issues that deal with employee rights and discipline as well as district legal obligations.

3. Central Business Services can be provided which eliminate duplication of services in the areas of Financial and Administrative Services. These services include: accounts payable, payroll, general accounting, federal funds and grants accounting, and budget planning. Professional development training for school financial administrators is also provided.

4. Regional Safety Risk services offered across the state features an Environmental Services Program. Included in this program are: asbestos awareness training, assistance to districts in complying with provisions of the Americans with Disabilities Act, testing of underground storage tanks, radon and lead testing, and sick building syndrome testing. A myriad of compliance issues can be addressed by regionally developed expertise in dealing with the multitude of regulatory agencies that enforce the laws of this complex arena.

5. Most BOCES provide a variety of printing services to its member districts, including: production of newsletters, brochures and miscellaneous forms, lamination services, and poster printing. More over, this service is designed and created to increase communication with and the dissemination of information required by statute or regulation to the public.

It is not suggested that these are the only shared management services being provided. They are identified merely as illustrations of the wide range of administrative services provided by BOCES throughout the State. Each of these services, however, is integral to the business of the operation and management of a school system. For those schools/ school districts unable to provide them with their own limited resources, or unable to achieve the cost-effectiveness or economy of scale they seek, the BOCES is prepared to assist. The Center for Governmental

research conducted a 2004 study of regional collaboration in the Broome-Tioga regions. Researchers found that as much as \$16.1 million in operating costs could be reduced “without compromising core educational objectives...”²

Leveraging Financial Resources

To leverage financial resources means to reap cost savings from a specifically designed service. To that end, BOCES assist schools/school districts not only in the provision of programs and services that strengthen their management support systems, but also have a direct impact on the financial resources available to constituent districts.

Presented in Table 3 are examples of publicly reported cost savings for management support services provided by educational service agencies nationally.

Duncombe and Searcy (2005) studied procurement practices of New York State school districts³. They found sizeable cost savings related to school district procurement involving competitive bidding, purchasing calendars and electronic requisitions.

A New York State based study could easily be undertaken using the costing methodology cited above. An accepted and consistent method to be used by each agency to compute the cost savings has not been established as a statewide model. Currently, each BOCES and school district uses its own method to determine cost savings.

Individual service agencies also use other approaches to illustrate how they assist schools/school districts in leveraging their existing resources and in realizing economies in other ways. In contrast to the reports of cost savings cited in Table 3, some annual reports of service agencies in other states disclose their formula used to compute how these savings, or what is commonly referred to as "value-added" benefits, are determined.

For example, the East Central Educational Service Center (Connersville, IN) first identifies the total dollar value of all of its services, and then subtracts the total membership fees paid by member schools/school districts. The difference of these two figures is called net value and/or savings. In 2001-02 the net value and/or savings to the membership totaled \$2,859,575.84. This figure covers all programs and services of the agency for that school year, instructional as well as management support.

2. “Pryor, Donald and Zettek, Charles, “Thinking beyond boundaries: Opportunities to use regional and local strategies to Strengthen Public Education in the Broome-Tioga Region”, December 2004

³ Duncombe, W. and C. Searcy, *Procurement Practices in Local Governments: A Case Study of New York State School Districts*. Sponsored in part by the New York State Education Finance Research Consortium and Presented at the Western Allied Social Services Association, Albuquerque, NM, April 14-16, 2005.

Table 3 <i>Examples of Publicly Reported Annual Cost Savings on Management Support Services Provided by Individual ESA Cooperative Purchasing Programs</i>			
State	Educational Service Agency and Reporting Period	Publicly Reported Cost Savings to Schools/Districts	Principal Product(s) or Service(s)
KY	Kentucky Educational Development Corporation, Ashland (1996-2001)	\$2,000,000	Workers' compensation premiums
NY	Ulster County BOCES, New Paltz, (2000-01)	\$60,601	Custodial Supplies
PA	Bucks County Intermediate Unit 22, Doylestown (2001-02)	\$720,064	Cafeteria food items, audiovisual supplies, fuel oils, unleaded gas & diesel oil
WV	Regional Educational Services Agency II, Huntington (2001-02)	\$60,000	Instructional, custodial, computer supplies/ equipment
NE	Educational Service Unit 14, Sidney (2001-02)	\$15,800 \$18,800	Custodial supplies Food products
PA	Colonial Intermediate Unit 20, Easton (2000-01)	\$149,000	Duplicating paper & janitorial supplies
IN	Region 8 Educational Service Center of Northeast Indiana, Markle (2001-02)	\$6,500,000	Cafeteria supplies
IA	Arrowhead Area Education Agency, Fort Dodge (2000-01)	\$124,334 \$80,359 \$437,379 \$108,078 \$991,753	Food products Media materials Computer software Computer hardware Miscellaneous products
TX	Region IV Education Service Center, Houston (2001-02)	\$2,400,540	Furniture, office supplies, technology equipment

Region IV Education Service Center (Houston, TX) has for several years provided each of the districts in its service region an annual report on the added-value each district gains from the participation of its teachers and administrators in Region IV professional development activities. The formula used in 2001-02 to compute district savings was as follows:

- Estimated cost to participate in a Region IV professional development training (average training period of 3 days):
 - Registration \$75, travel \$54, meal(s) \$30-total \$159

- Estimated cost to participate in commercially produced professional development training (for the same average training period of 3 days):
 - Hotel \$210, registration \$600, travel \$200, meal(s) \$75-total \$1,085

The difference between the estimated cost to participate in a Region IV training program and that of a commercially produced program is then computed for each district's participation.

Using this method, Region IV estimated that its professional development training in 2001-02 provided \$52,202,324 in added value to the school districts in its service area. Of interest, the very smallest enrollment district, one with only 117 students, received \$48,152 in added value through the participation of its eight staff members in Region IV professional development activities. The largest district, Houston Independent School District, with 210,993 students, received over eight million dollars (\$8,271,958) in added value as a result of the participation of staff members in the professional development efforts of Region IV.

The formula used to compute cost savings to schools and school districts through participation in Region IV's cooperative purchasing program is similar to that employed by other service agencies. Here the agency reduces each product purchased 25% over the average catalog price for the product, then adds an additional one percent savings accruing to a school and school district resulting from Region IV's assumption of a number of the management functions (e.g., development of specifications, development of bids, review of vendors) that would ordinarily be assumed by the participating organizations in the cooperative.

While the above described cost savings methodology is specific to Texas, in New York BOCES with RIC services must conduct an annual evaluation of service costs against local providers. The RIC must clearly demonstrate that their cost is less than similarly situated competitors. The analysis must exclude any state incentive such as BOCES aid. In many cases comparing the cost of a BOCES provided service to that of a school district

Still other service agencies across the country chose to emphasize the financial benefits of their programs and services in other ways. Two strategies are of interest:

- Educational Service Agency 112 (Vancouver, WA) established in its 2002 annual report that each dollar the state invests (\$490,000) in the service agency generates \$80.22 in services to schools.

- The Education Cooperative (Wellesley, MA) established in its 2001-02 annual report that its student programs alone saved participant districts \$3,039,287. The method used to compute this cost-saving was straight-forward: number of students enrolled in a program times the difference between the service center's tuition costs and the average cost of a similar private program⁴.

There appears that there is no single nationally accepted method to determine cost savings, however, the methods used above use rational approaches. Therefore, one could conclude that there are a number of ways to measure cost savings that could be included in a model made up of multiple data points. These data points, when used in concert, permit a level of analysis that would yield a quantifiable conclusion as to whether a service or program produced cost savings.

To illustrate the point note the services provided in Table 4. A number of state network service agencies have established a statewide cooperative purchasing program. Examples of five such efforts are presented in Table 4. The principal items of most cooperative purchasing programs include products for use in the instructional program of a school as well as items used in the noninstructional components of a school. Each of these services can be analyzed for cost effectiveness using multiple data sets as noted in the illustrations provided earlier. In these days of accountability, such an analysis has become an expectation.

Management Support Services

Discernable patterns are clearly present in the nature of BOCES or service agency involvement in the provision of management support programs and services. Some commonalities can be identified. Service agencies tend to assume primary responsibility for all phases of program planning and development for many of the illustrative examples cited in Table 1. This is especially true where a program or service consists of the employment of a specialist in a particular area who then either provides technical assistance to schools and school districts which request assistance (e.g., food service planning, school community strategic planning) or actually conducts the program or service on behalf of participating schools and districts (e.g., bus routing services, state aid planning or legislative monitoring services).

4. Stevens, Robert and Keane, William, The Educational Service Agency: American Educational Invisible Partner, University Press of America, 2005, pp143-144.

Table 4
Examples of Statewide Cooperative Purchasing Programs
Sponsored by a State Network of Agencies

State	Title of Cooperative	Principal Product(s)
IA	Cooperative Purchasing Program Sponsor: Area Education Agencies	Media & technology resources (materials, equipment & supplies), food commodities, office supplies
NE	Statewide Cooperative Purchasing Program Sponsor: Educational Service Units	Technology equipment & supplies, office-school furniture, school lunch commodities, paper supplies
PA	Pennsylvania Energy Consortium Sponsor: Pennsylvania Association of Intermediate Unit Administrators	Energy (electricity)
PA	Pennsylvania Education Joint Purchasing Council	Classroom consumables, food, maintenance supplies, heating supplies
WA	Washington School Information Processing Cooperative Sponsor: Eight of the nine Educational Service Districts in the state network	Computer equipment (notebook, printers, servers, desktop software)

Service agency involvement in some of the more highly specialized programs and services that are ordinarily outside the field of education (e.g., negotiations) or, in addition, requires both specialized knowledge and facilities (e.g., drug/alcohol testing) is typically limited to contracting with a third-party who then provides the service.

One pronounced pattern is that rural and small suburban school districts clearly have been and continue to be the major participants, and thus the principal benefactors, of efforts by BOCES to enhance the infrastructure of schools and school districts. Rural and small school districts (generally defined by the U.S. Education Department of Education as having fewer than 600 pupils) frequently lack the fiscal resources and/or number of appropriate students to justify creating specialized services or programs. They also frequently are in need of both fiscal and human resources to enhance the capacity of their management support system that is critical for a strong instructional program. Likewise, small suburban district participation is ordinarily driven

by a realization that both high quality of programs and services and lower costs are possible by joining neighboring systems in collaborative approaches to common needs.

While rural and small school districts have historically been most active in their participation in most of the management support programs offered by entities such as BOCES, larger enrollment size districts increasingly are more apt to participate in those programs where significant cost savings can be realized (e.g., cooperative purchasing) and/or where they have a loss of a management support service due to a reduction-in-force that caused the elimination of an existing management staff specialization. The reallocation of financial resources due to increased unfunded or under-funded mandates at both the state and federal levels, the escalation of operational costs driven by labor, equipment, maintenance, fuel, employee benefit expenses and other factors has increased the desire of school districts to seek out and utilize more cost effective and cost saving strategies.

Critical Role of the State

The critical role that the state can play in facilitating the program efforts by service agencies designed to enhance the infrastructure requirements of schools and school districts is indisputable. There is little argument that the quality of the educational experiences of the thousands of students who have passed through the regional career and special education programs administrated over the years by BOCES in New York State have been enhanced because of the actions taken by state and local interests to ensure that a distinct funding process was in place.

For many states the general lack of incentives that would facilitate greater service agency involvement in the provision of management support services is a significant concern. Clearly, the state has a vital interest in the organizational capacity of every school district. So, too, does the state have a similar vital interest in promoting the capacity-building capabilities of every school district. The short list provided in Table 4 illustrates the cost savings that flow to school districts from service agency programs in the provision of management support services.

Potential Multiple Benefits

Many management support services offered by BOCES and other states' service agencies result in multiple benefits for school districts. For example, the sponsorship of one or more cooperative purchasing programs is one of the dominate program functions of services entities across the country. The potential multiple benefits provided to districts that participate would be cost-savings and enhanced quality of the program or service. The claim that cost-savings are highly likely for individual districts is supported by the obvious financial gains that are to be realized through bulk purchases of, for example: school lunch commodities, instructional supplies and equipment; consumable paper products or the employment of specialists in such programs as worker's compensation adjudication. The claim that involvement in a cooperative venture results in the likely enhancement of the quality of a product for many participating schools and school districts is based in large measure on the manner in which most cooperative purchasing programs are typically administered. Local schools and school districts staff members are ordinarily involved in all phases of the purchasing cycle, particularly the critical phases of needs assessment, development of a product or service specifications and the evaluation of a product or service. It is generally acknowledged that the quality of decisions arrived at through the deliberations of multiple stakeholders sharing a common need is ordinarily superior to those that involved only one or limited viewpoints.

Framework for Action

Historically, shared services have been slow to evolve due to multiple theoretical, technical and political issues that ordinarily involve choices to be made among frequently competing alternatives. The New York State District Superintendents recommend the following action items that should be addressed prior to implementing a shared service program:

1. Create a Business Case for Change: A political champion or overarching government authority must articulate support and a vision for the effective and efficient delivery of services. Then school officials need to conduct an assessment that the service makes economic sense. A careful business case that weighs costs and benefits must be conducted.
2. Communicate to Staff and Stakeholders: Shared services can not be implemented top-down or in a vacuum. Moving from multiple processes, delivered by disparate staffs in

diverse locations on multiple systems to provide a complete regime of shared services will be difficult for all stakeholders. It often involves the dissolution of authority and power that may threaten individuals' conceptions of certain roles and responsibilities (e.g., individual school control of payroll). This can lead to discomfort, suspicion and entrenchment. All parties must have a substantive role in planning for the sharing solution once the problems have been clearly articulated. This entails the documentation of successes and seeking continual feedback.

3. Carefully Design the Requirements: All parties will benefit from the rigorous process to define needs and expectations of each party in a clear detailed manner. Each party must have the technical and staff capacities to develop these agreements. Baselines need to be documented to avoid entering into agreements with false expectations. Risk-sharing mechanisms and incentives to create alignment should be included.
4. Strike the Right Balance between Accountability and Flexibility: Clear performance criteria and measures, explicit sanctions for non-performance, an open monitoring scheme and frequent performance reviews are essential components of a shared approach. Concurrently, inter-agency agreements and contracts with providers must evolve as that sharing matures. Other types of collaboration include partnerships with municipal governments, higher education, and corporate connections.

Recommendations

These recommendations are formulated by revisiting the six 1995 Regents recommendations and updating them based upon the national and state perspective discussed in this document. Concurrent action initiatives will be suggested.

1. A Culture of Cost-Effectiveness Needs to Begin at the Top: The Board of Regents should initiate a comprehensive review of current effective shared service projects for wide dissemination, modeling and replication. The Regent's Legislative proposals and policy actions should encourage, support and direct shared services to utilize the current ability of BOCES to coordinate and cross-contract for services. Elected legislative officials should become knowledgeable of the role of BOCES to facilitate shared services and change their field image (and actions) of curtailment of BOCES aid for such shared services initiatives.

2. The New York State Education Department should serve as a Resource to Districts on Cost-Effectiveness: The assessment of cost-effectiveness of different

programs or initiatives often involves research and analysis that cannot be carried out in a single school district. Since the department has reduced capacity to accomplish this recommendation, the Boards of Cooperative Educational Services (BOCES) are uniquely situated and have the experience, capacity and infrastructure to carry out such activities. The District Superintendents in partnership with NYSED are well positioned and continue to serve in the capacity of facilitator of shared services in their region and in support of the University of the State of New York (USNY).

3. Cost-Effectiveness should not be limited to the Department of Education: The costs and effects of actions that are taken to educate children are not limited to the purview of the Department of Education. The Department has reached out to other State and local agencies so that cost-effectiveness is not confined strictly to elementary and secondary education. The Department has reached out to children and families via health interventions, day care and pre-school programs. Continued improvement must be produced through increased coordinated joint partnerships which need to be developed between and among other governmental entities and private providers.

4. Careful Experimentation with Incentives Could Yield Benefits: Merger studies, shared services, start-up planning and evaluation activities were relegated to legislative grants for those lucky enough to be able to be provided with a study grant. The establishment of competitive grant programs to support cost-effective initiatives were legislatively removed a number of years ago. The reinstatement of \$500,000 in the state budget to conduct efficiency studies is recommended. Just as the success of the 10% increase in capital funding building aid spurred a statewide building increase. A similar incentive administered through a BOCES aid formula could have such a result. As a condition of receipt of such funding, a district would need to agree to systemic assessment of the cost-effectiveness of the innovation based on an examination of data pre- and post-initiation or some other approved academic research model, and further, to a public dissemination of the results of the evaluation, regardless of the nature of the findings, to a broad audience. The recent announcement of \$2.7 million available from the Department of State for similar initiatives needs to be promulgated into the educational arena.

5. Improve the Education of Administrators in the Area of Cost-Effectiveness: The education and training for administrators, especially higher education programs, should include the best practice theories, measures, and applications of cost-effectiveness. Additionally, all participants in the educational system must contribute toward the maximization of cost-effectiveness through policies, practices and procedures. These topics and skills should be part of the mandated training for all school board members, as officers or trustees of a school system.

6. The New York State Education Department should focus on Several Promising Ideas for the Promotion of Cost-Effectiveness: While every aspect in education can be examined from a cost-effectiveness perspective, some areas offer more promise than others. The New York State Department of Education undertook a major initiative with regard to a cost-effective reduction of paper work strategy that continues to gain support

in the Senate and in the Assembly bill (A-9494) has been reintroduced. . Increased communication with the legislature must be undertaken to press the point that the legislature needs to support cost-effective initiatives. Previous prohibitions of shared services such as garbage collection, mowing services, HVAC, energy consortiums should be reviewed in light of the changing environment towards shared services.

7. Replicate and Benchmark Existing Models of Effective and Efficient Shared Ventures: Utilization of existing networks such as the Joint Management Teams ((JMT), RSSC and SETRC, have proven to be cost effective instructional service delivery models. Benchmarks are measurements used to establish whether organizational processes represent best practices that can be found in the field and results accomplished by the unit meet some predetermined targets.

SUMMARY

Success in reducing education costs through shared services will need savvy politics, accurate assessment, public consultation, planning, advocacy and implementation. It will also depend on the prudent boldness of good leadership.

Like many other business transformation approaches, shared services agreements sometimes fail. Such “failures” typically are caused by the lack of a coherent vision for change, weak business cases, inadequate attention to change management, poorly trained staff or ill-defined contracts and service levels. These missteps must be avoided with proper planning when transitioning to a shared services model.

This much is clear: changing the way that school districts do business is inevitable and boundary lines are no longer immutable. With rising costs and shrinking student enrollments, more districts in New York and around the country will look to their neighbors and begin “what if” kinds of discussions.

**APPENDIX: LISTING OF CURRENT NEW YORK STATE BOCES
MANAGEMENT AND SERVICE CO-SERS**

6110	General Supervision/Coordination
6111	Extracurricular Activity Coordination
6114	Inter-Scholastic Sport Coordination
6115	K-12 Subject Area Coordination
6116	Reading Development Coordination
6117	Health & Drug Ed. Coordination
6118	Pupil Services Coordination
6119	Primary Mental Health Services Coordination
6120	Computer Education Coordination
6122	Curriculum & Instruction Coordination
6131	Career Education Coordination
6132	Environmental Education Coordination
6133	Alternative Education Coordination
6135	Work Experience Coordination
6136	Industry-Education Activities
6137	Audio/Visual Svc. Coordination
6138	Vocational/Industrial Work Cord.
6139	Gifted/Talented Coordination
6160	Coordination, Other (Central)
6163	Supervisor: Handicapped Programs
6164	Coordination, Other (District)
6165	Continuing Education Coordinator
6166	School Library Media Coordination
6167	BOCES Library Media
6210	Curriculum Development
6211	School/Curriculum Improvement Planning
6212	Planning, Instructional
6213	School Quality Review
6261	Staff Development: Certified & Administrative
6262	Staff Development, Other
6265	Special Education Training & Resource Center
6266	Teacher Center
6310	Educational Communications Center
6311	Instructional Graphics
6312	Equipment repair
6313	Printing
6314	Non-Print Duplication
6316	Library Services/Media
6318	Instructional Materials Development
6320	Library Automation
6330	Educational Television

6360 Computer Service, Instructional
6361 Test Scoring
6364 Computer-Based Guidance
6366 Computer Support
6367 Comprehensive Instructional Management
6368 Model Schools
6510 Attendance Supervisor
6610 Guidance
6613 Substance Abuse Information Center
6616 Occupational Assessment
6711 Nurse/Nurse Teacher
6712 Dental Hygiene
6713 School Physician
6714 Nurse Practitioner
6715 Health & Welfare Services
6716 Physical Therapy
6717 Occupational Therapy
6718 Interpreter for the Deaf
6810 School Psychologist
6811 School Psychologist — Special Education
6813 Diagnostic & Prescriptive Service
6814 Consulting Psychiatrist
6816 Committee on Special Education Support
6817 Comprehensive Support Service
6910 School Social Worker
7010 Business Office Services
7011 Cooperative Bidding Coordination
7012 Microfilming
7014 Textbook Coordination
7016 Business Manager
7017 Business Office Support
7018 Medicaid Reimbursement Processing
7110 Personnel Services
7111 Negotiations
7112 Recruiting
7116 Employee Assistance Program
7120 Teacher Certification
7131 Staff Development: Bus Drivers
7132 Staff Development: Clerical
7133 Staff Development: Maintenance
7134 Staff Development: Board of Education
7140 Substitute Coordination
7210 Planning Service, Management
7310 Transportation
7320 Bus Maintenance
7331 Transportation: Occupational Education.

7332 Transportation: Handicapped
7333 Transportation: Chapter 853
7334 Transportation: Other Programs (Drug & Al. Test)
7335 Emergency Communication
7410 Facility Services
7420 Telephone Interconnect
7430 Engineering Service
7450 Energy Management
7470 Safety/Risk Management
7480 Coordination of Insurance Management
7510 Public Information Coordination
7511 Public Information Service: Central
7610 School Food Services
7611 School Food Management: Itinerant
7612 School Food Management: Central
7710 Computer Service: Management
7711 Telecommunications
7810 Health Care Benefit Coordination

**Written Testimony of Gregory J. Edwards, County Executive
Chautauqua County
3 N. Erie Street
Mayville NY 14757
716-753-4211**

Subject : BOCES as a Model for Delivering Taxpayer Savings

Thursday, October 8, 2009
Erie 1 BOCES Campus
355 Harlem Road
West Seneca NY 14224

Chairman, Committee members, thank you for the opportunity to present this written testimony concerning BOCES as a Model for Delivering Taxpayer Savings. My name is Gregory J. Edwards and I am the County Executive for Chautauqua County.

If there has ever been a time for leaders at the State level to be held to account and offer relief to the tax payers of our State now is the time. Over the last 9 years the spending at the State level has increased approximately 65% ! Even over the last year when our economy was clearly in a recession and financial professionals were unanimous in their opinion that revenue from income tax, sales tax, and virtually every other source were in trouble, spending was increased and programs and obligations on our local governments and School Districts have been increased.

At the County level we here in Chautauqua County have taken a much different approach. Each of the last 4 years we have instituted changes which have resulted in increased efficiency, streamlined operations, and reduced taxes, both sales tax, and property taxes. The Property tax rate has been reduced each year 2007-2010, and the levy is over 1 Million dollars less from 2008 to 2010. This tax relief has been accomplished through the application of business principals to government operations. This same analysis can be, and should be done with the delivery of services by the State.

I have been working with our BOCES Superintendent Bob Guiffreda investigating ways that County government can work with our local school districts and BOCES to share services and as a result reduce the cost of delivering our services. Superintendent Guiffreda has been a leader in investigating and finding ways to bring business principals and models to our School organizations. Mr. Guiffreda and I have met and discovered areas where we both provide similar functions and could benefit from sharing or consolidating these services.

One overlapping service that we have discussed is the operation of our courier systems and how the BOCES courier and ours could work together to make this system more efficient and cost effective.

Another opportunity that we have actively analyzed is our print shop operations and the potential to deliver taxpayer savings through a business partnership.

Currently the County is a participant in a regional energy purchasing partnership that has reduced our costs. We developed a shared fuel dock operation where the County, Town, Village, Fire District, and Sherman Central School all fuel vehicles at this one location increasing efficiency, reducing capital expenditures, and overhead and reducing our costs. We have two schools that have on site Health Clinics that have increased the amount of services provided to the students and improved the overall health of the students as well. Recently my Department of Social Services has joined Chautauqua Lake School in the creation of an onsite office for the delivery of necessary Human Service programs as a pilot program. It is our desire to increase the collaboration of the School's guidance, health and other professionals, with our own in an effort to engage the students and their parents' right in the school itself to increase the participation of the parents with the school in the education and health of their children.

I would encourage officials to expand the use of intergovernmental agreements and allow school district to enter into agreements with governmental agencies to perform services which each are currently delivering individually.

In each of the cases cited above there are limitations placed by municipal regulations and the State Education department that make implementing changes to these programs difficult, if not impossible. Without the restrictions I believe that our two groups could work together to bring about change in our operations and bring business principals to the forefront of our discussions instead of having the barriers of bureaucratic red tape hamper our efforts toward real change.

Again I would like to recognize the leadership that Bob Guiffreda has brought as superintendent of Erie 2-Chautauqua-Cattaraugus BOCES to the operations around our region.

Respectfully submitted,

Gregory J. Edwards
Chautauqua County Executive

Testimony on Behalf

of



**Senate Standing Committee on Education
BOCES as a Model for Delivering Taxpayer Savings
Erie 1 BOCES Campus
355 Harlem Road
West Seneca, NY 14224**

October 8, 2009

Good Afternoon Senator Oppenheimer and members of the Committee on Education. My name is Paul Snyder III, and I am President and CEO of Snyder Corp. Snyder Corp has been a leader in the hospitality and travel industry in this region for nearly 50 years. In 2005 we expanded our leadership with the creation of the Center for Transportation Excellence (CTE). The CTE's mission is to convene and create a standard of best practices for organizations in the health and human services transportation industry. This mission is achieved through the provision of comprehensive training, state-of-the-art fleet maintenance, mobility management and advocacy for human-centered transportation systems. In September of 2006 the CTE was recognized by the New York State United We Ride "State Partners Coalition" for its cutting edge approach to coordination. CTE's ability to facilitate creative collaborations and help the community make more efficient use of transportation resources mirrors many of the goals of the BOCES model in regards to education. For the past three years, the John R. Oishei Foundation has been involved in supporting the planning efforts of the Center for

Transportation Excellence (CTE) to develop a coordinated transportation system for the health and human service sector. Through this effort, CTE has convened a diverse group of public, private and governmental entities to tackle transportation issues common to the various constituencies served by health and human services entities. Strides are being made to reduce the transportation footprint in through the delivery of shared services.

The transportation challenges confronting school districts across New York State, and around the nation, closely mirror many of the same issues faced in the health and human service transportation sector. Currently, most districts operate their transportation independently. Taxpayers bear a greater financial burden due to duplications in administrative overhead, training and missed opportunities for group purchasing of vehicles, supplies, back office operations, training fleet maintenance and vehicle inspections. Districts looking to contract out transportation have few choices and may be paying high rates for minimal service.

BOCES was originally created to help smaller suburban and rural school districts with limited resources. The state's larger urban school districts have been excluded from taking advantage of these services. Over the last half century, the needs of urban and suburban districts have flip flopped. School districts such as Buffalo, Rochester, Syracuse and Albany are now seeing the effects of a diminished tax base. Expanding the BOCES model to be able to serve these districts would not only result in greater tax savings, but a higher quality education for students. In addition, the economies of scale that would result from inclusion of these larger districts would open up the opportunity to coordinate school transportation for all districts.

Erie 1 Boces and the CTE have recently submitted a proposal to The John R. Oishei Foundation to develop a regional school transportation plan. This plan would be modeled after a successful project in the Chicago area. In addition to researching and incorporating best practices in school bus transportation nationally, the plan would examine all factors of the transportation system including routing and capacity, walking and public transit policies, driver recruitment and training efforts and potential efforts for cooperation that reduces duplication and overhead costs for districts. BOCES, in their current capacity has the ability to bring savings to taxpayers through partnerships with CTE and others, for administrative responsibilities, training and group purchasing. However, a greater degree of savings could be achieved for taxpayers if current legislative barriers were removed to allow BOCES to partner with city districts that are also struggling to reduce or contain transportation costs along with suburban and rural districts.

Thank you.

New York State Senate
Standing Committee on Education

Public Hearing
“BOCES as a Model for Delivering Taxpayer Savings”

October 8, 2009
Buffalo, New York

Comments by Donald A. Ogilvie
District Superintendent/CEO of Erie 1 BOCES

First, welcome to Erie 1 BOCES. And also, thank you for providing this opportunity for individuals from across the State to provide information and perspective on the topic, “BOCES as a Model for Delivering Taxpayer Savings” in one of the three hearings you will have conducted.

It is a timely if not an urgent necessity to operationalize the earlier work of the Suozzi and Lundine commissions which will necessitate amendments to Ed Law 1950 and General Municipal Law Section 5-G so that a half-century of proven success enjoyed by school districts through their partnership called BOCES can be enhanced by authorizing BOCES to undertake additional, new purposes as well as collaborate with new partners: municipalities, charter schools, library systems, arts and cultural institutions, as well as institutions of higher education.

But as we consider expansion, it is well that we remind ourselves that the successful model called BOCES has not only the resulted from the work of innovative leaders at all levels, but incentives. And these incentives accrue not only to school districts, but to property taxpayers.

My remarks will be brief and focus on the benefits BOCES to taxpayers that accrue from two factors: the demonstrated cost savings from cooperation and sharing resources among school districts; and, unique to New York State, the longstanding practice of providing a financial incentive to school districts for initiating such cooperative ventures,

through the payment to individual school districts of what is commonly referred to as “BOCES Aid”.

In the aggregate, New York State School districts annually spend approximately \$2 Billion on BOCES services. The BOCES Aid that then flows to those school districts totals approximately \$500 million.

Individual districts are aided based upon their wealth: up to 90% of approved expenditures for the lowest wealth districts; with higher wealth districts receiving up to 36% of approved expenditures. All partners benefit from sharing and collaboration, but the formula used to allocate incentive aid insures that the additional benefit of aid is proportionate to district wealth.

But BOCES Aid over time has become more than an incentive to cooperate it is a means of equalizing the disparities in wealth among districts within a region, and across the State. Put simply, lower wealth districts receive greater BOCES Aid than their wealthier neighbors. The equalizing effect ensures access to a variety of quality services that would almost certainly not be possible if the local tax base was the only source of revenue to pay for them.

Put another way, if BOCES Aid were ever reduced or eliminated the poorest districts would be hurt the most. Taxpayers in all districts, but especially those in low wealth districts have come to depend upon BOCES for quality services not otherwise affordable, as well as the equalizing

effect of the BOCES Aid. It is in every respect a State subsidy for property taxpayers.

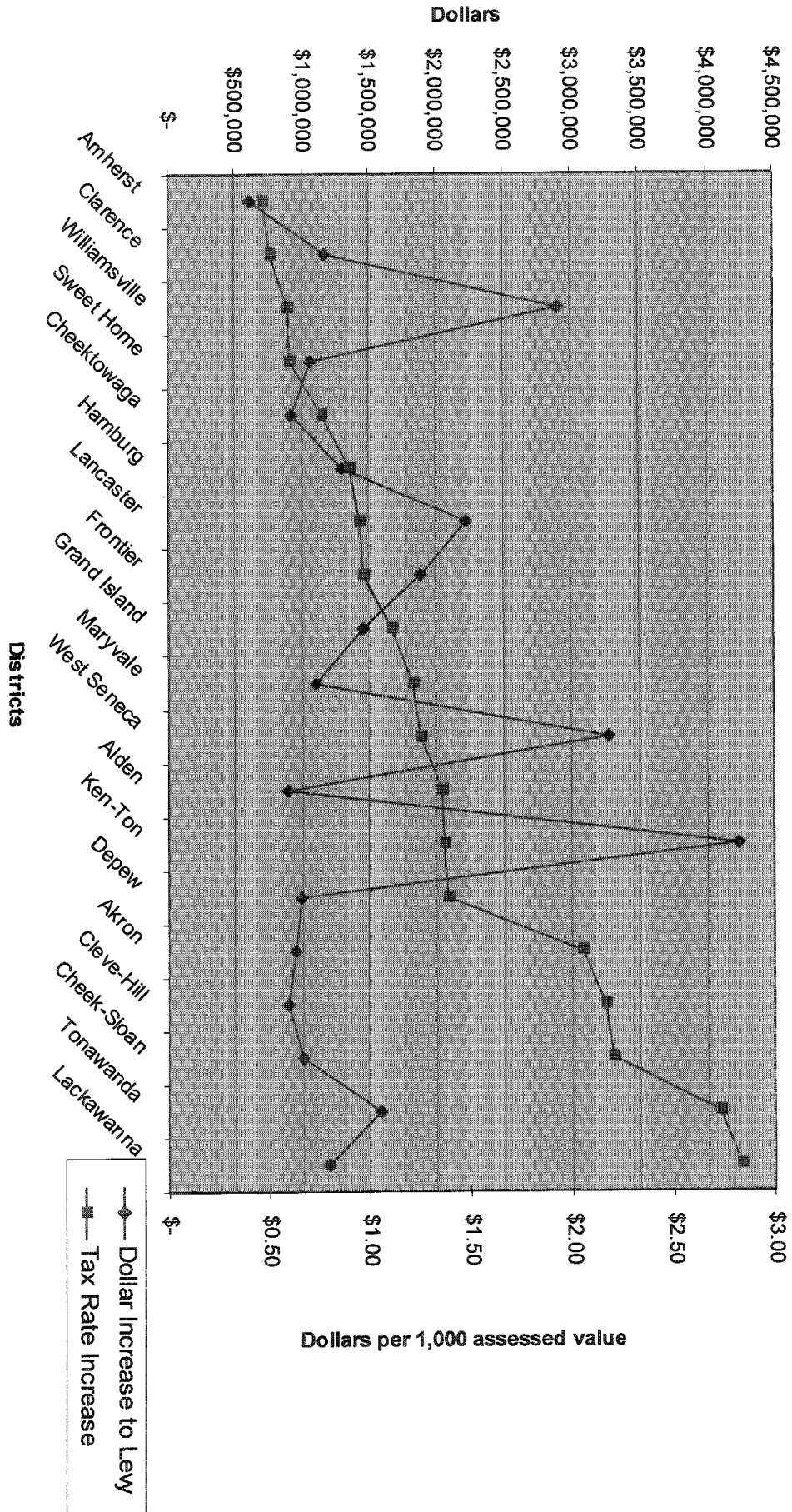
By referring to the two charts I've enclosed, I can demonstrate how BOCES Aid benefits taxpayers on the revenue side. However, if BOCES Aid were removed there would be a negative effect on both the expenditure side and the revenue side and property taxpayers would bear the additional burden from the loss of both.

If we were to look at BOCES aid as a percentage of the property tax levy and BOCES aid was eliminated, levies would have to absorb increases of anywhere from 5.08% to 18.13% increases to cover the lost BOCES Aid. The higher end of the range represents the regions in which there is a concentration of lower wealth districts.

So, as we look at delivering new, additional taxpayer savings through expanded use of the BOCES model, please build upon success, but do not consider reducing or eliminating BOCES Aid to school districts. Many will not recognize the considerable savings to taxpayers that has accrued over the years to those who need it the most: low wealth districts, whether they be small cities, rural districts, or districts whose tax base has been altered.

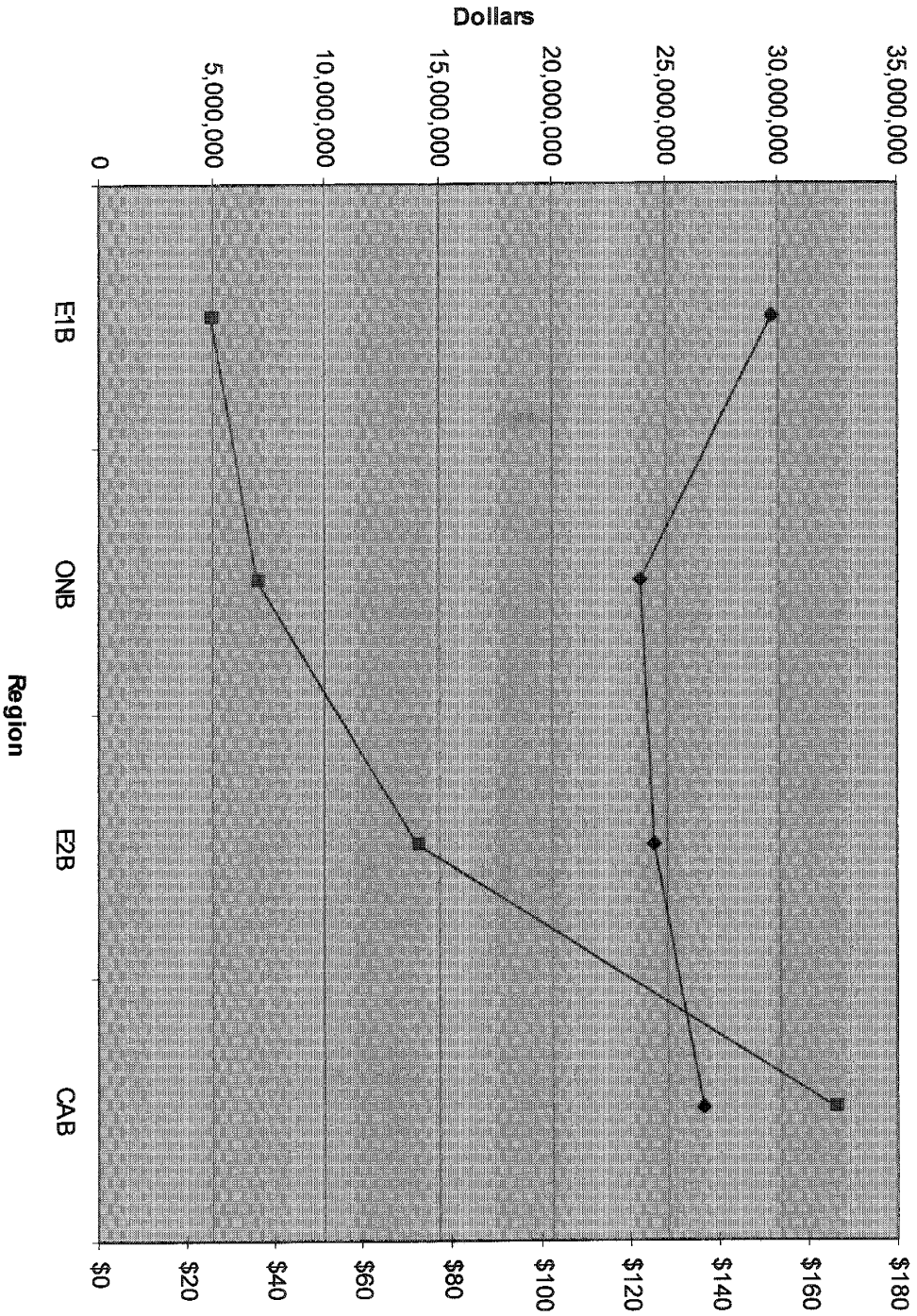
Thank you.

Erie 1 BOCES Service Impact on Tax Rate



Prepared by: Erie 1 BOCES Finance and Legislation Service
 from SED Output Reports 3/31/09

JMT Service Impact on Tax Rate



Dollars in total per 1,000 assessed value for individual Districts in each BOCES

◆ Dollar Increase to Levy
 ■ Tax Rate Increase

Prepared by: Erie 1 BOCES Finance and Legislation Service
 from SED Output Reports 3/31/09