



Analysis of Savings from Shared Services: Task 2

Prepared for:

**The Temporary Regional School Study
Committee for Ansonia and Derby**

Prepared by:

District Management Group

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Executive Summary

- This Task 2 report considers two additional scenarios beyond those in the Task 1 report: (1) shared services across Ansonia and Derby, and (2) shared services with one shared central office. As neither of these scenarios would create a regionalized district, neither would require a referendum.
- “Shared services” can refer to any function across the two districts, and can lead to both financial savings and expanded opportunities for students.
- Ansonia and Derby currently share a transportation manager and facilities with Shelton and Beacon Falls (Region 16). The districts have attempted to share other services in the past but have had mixed results.
- Districts could share operational services, such as a central office, food services, information technology, human resources, and more.
- Districts could also arrange to share academics and programming, such as cross-registered students, sports teams, and sharing specialized staff.
- Most of the savings would come from sharing central office staff (\$720,000 combined), though the districts could also save on special education services (\$190,000) and general economies of scale (\$140,000).
- For any shared service, the Boards of Education would need to establish a “cooperative arrangement” that details the logistics and cost for implementation.
- It is critical that boards establish these details up front, as they set expectations and boundaries for both districts during implementation.

Introduction

The TRSSC may decide that regionalization of Ansonia and Derby is not advisable. If the committee makes that decision, there will be no referendum, and the two districts will continue to operate as they currently do. In the event that Ansonia Public Schools and Derby Public Schools remain separate entities, there are opportunities for the districts to join together and share services. This Task 2 report focuses on these shared services.

But what do people mean when they say “shared services?” Most often, it refers to district operations, such as transportation, food services, or human resources, with the goal of saving money. But in reality, any function could be shared across two districts, and could lead to expanded opportunities for students. For example, administrators could set up an arrangement so that students at Derby High School could enroll in AP courses at Ansonia High School, or so that Ansonia students could join the Derby track team, or teachers from both districts might attend the same professional development sessions.

In the event that Ansonia Public Schools and Derby Public Schools remain separate entities, there are opportunities for the districts to join together and share services.

This report starts by discussing shared services in Connecticut, and then provides a brief background on shared services in Ansonia and Derby. The report then delves into the eight cost areas from the Finance chapter of the Task 1 report (listed below), and reviews potential savings, if any exist:

1. Central Office
2. Salaries, Benefits, and Collective Bargaining Agreements
3. School-Based Administrators
4. Teachers
5. Special Education
6. Utilities
7. Transportation
8. Economies of Scale

Following these cost savings, the report discusses areas where shared programming might lead to new opportunities for students. And finally, the report touches on potential implications when sharing services, and some considerations for both districts to review before finalizing any agreement.

It is important to note that, while this report addresses potential shared services between Ansonia and Derby, it does **not** preclude the districts from sharing services with other cities, such as Shelton, Seymour, or Beacon Hills, or from sharing services with their Regional Educational Service Center (RESA). Though coordinating a larger group of stakeholders can be challenging, the group may hold greater bargaining power, and therefore lead to lower costs for all participants.

Shared Services in Connecticut

In Connecticut, any shared service would be part of a cooperative arrangement. Connecticut statute (CT Gen Stat § 10-158a (2012) describes cooperative arrangements as follows:

“Any two or more boards of education may, in writing, agree to establish cooperative arrangements to provide school accommodations services, programs or activities, special education services or health care services to enable such boards to carry out the duties specified in the general statutes.”

A committee with board members from each district typically oversees these arrangements.

These cooperative arrangements have one clear advantage over regionalization: no referendum is required. Most, if not all, of the services and programming proposed in regionalization could be achieved through these arrangements. However, unlike regionalization, these arrangements are not permanent, and they could be easily terminated.

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One such cooperative arrangement currently exists between East Lyme and Salem. In place since 1997, the agreement establishes East Lyme High School as the high school of Salem Public Schools, since the town of Salem does not have its own high school. The two districts continue to remain separate entities and retain separate Boards of Education. The arrangement sets an agreement for cost sharing between the two districts, enrollment minima, and other such stipulations (The Board of Education of East Lyme and Salem and The Board of Education of Salem).

There are other, less known shared services throughout Connecticut. According to a whitepaper by the Connecticut Association of School Business Officials (CASBO), in 1997, three boards of education - Andover, Marlborough, and Hebron - joined to create a “Related Group Rating Agreement” (12). This agreement allowed the districts to “avoid wide swings in [insurance] premium increase” (CASBO 12). Another, according to CASBO, is in food services: Avon, Canton, and Region 10 share a director of food services, which has led to financial savings as well (CASBO 13).

As stated in the Task 1 report, the recently passed Senate Bill 874 created an organization that would “develop recommendations for the sharing of school services and additional collaborations within and among school districts.” Given the contentious nature of regionalization, the idea of shared services across multiple districts will likely not go away.

History of Shared Services in Ansonia and Derby

Currently, Ansonia and Derby do not share any services, but the idea of shared services between these cities is not new. According to interviews and focus group participants, the two districts have attempted to share services in the past, such as:

- Food Services
- Transportation
- Information Technology

Based on focus groups, these attempts had mixed results. One succeeded until a district hired the other district's supervisor; one ended with a third district backing out of contract negotiations; and one resulted in disagreement over how much time the staff person spent with each respective district.

Despite less-than-successful results in the past, administrators in both districts expressed optimism around the idea of sharing services. Interviewees listed dozens of potential functions that the two districts should share. Their ideas are the basis of the next section.

Potential Areas for Saving

Sharing services would lead to savings in the operating budget, rather than in the capital budget. It is true that the districts could consolidate schools and share buildings, much like East Lyme and Salem, to save up to \$55,330,000 in capital costs (see Task 1 report for details). However, if regionalization does not pass, the authors suspect that school consolidation is unlikely. Outside of these costs, there are limited opportunities to save on capital expenditures. Therefore, the remainder of this section focuses on operating expenses.

The table below outlines potential annual operating savings under the two “shared services” scenarios. Note that, except for central office staff, the scenarios are identical.

| | Status Quo | Shared Services (Separate Central Offices) | Shared Services (Shared Central Office) |
|--|------------|--|---|
| Number of Central Offices | - | - | \$(720,000) |
| Salaries, benefits, and collective bargaining agreements | - | - | - |
| School-based Administrators | - | - | - |
| Teacher staffing changes | - | - | - |
| Special education | - | \$(190,000) | \$(190,000) |
| Utilities | - | - | - |
| Transportation | - | - | - |
| Economies of Scale | - | \$(140,000) | \$(140,000) |
| Overall | - | \$(330,000) | \$(1,050,000) |

The following paragraphs describe each of these areas in detail.

1. Central Office

As noted in the Task 1 report, Ansonia and Derby could share one central office to save up to approximately \$720,000 annually. This would require sharing a superintendent, assistant superintendent, an HR manager, a business manager, an IT director, and other roles, all while maintaining two separate districts.¹ Though these departments may have overlapping systems (for example, both districts currently use Applitrack for hiring and recruitment), these individuals can face challenges in balancing the priorities of two separate Boards of Education. Alternatively, districts could share certain payroll and accounts payable functions with their respective city governments. The authors do not estimate these savings within this report.

To create a facility for a larger central office staff, the cities would spend approximately \$770,000, after counting state reimbursement. As this cost would come from capital budgets, it is not included in the table above.

¹ The districts could choose middle option: sharing certain, select roles across both districts, rather than an entire central office. Correspondingly, there would be less savings from this option than from merging entire offices.

2. Salaries, Benefits, and Collective Bargaining Agreements

Given that the two districts negotiate separate bargaining agreements with separate unions, there are limited opportunities to save money in this section. Aside from joining benefits packages (described in Task 1), the districts could merge several part-time staff across the districts into fewer full-time positions. While this would offer staff more experience and a more permanent role, the authors do not anticipate these would amount to significant savings.

3. School-Based Administrators

Unless the districts consolidate schools, there are no savings in this section.

4. Teachers

There are no anticipated savings from classroom teachers in Ansonia and Derby.

5. Special Education

For in-district costs, the two districts could share related service providers and other support staff. Rather than outsourcing staff or hiring part-time staff, the districts could share full-time staff. Assuming staff were shared at all grade levels, the authors estimate a 10% savings on these in-district costs, therefore saving the district about \$190,000.

Both districts spend significant sums to transport and educate students out-of-district. With Area Cooperative Educational Services (ACES) having a satellite office in Ansonia, the districts could offer programs together and operate as a collaborative to bring more students back into the district, thereby saving money and travel time. However, such an endeavor requires significant planning, cost, and risk, as students could refuse a change in services. Because of these challenges, the authors do not assume any out-of-district savings.

6. Utilities

Unless the districts consolidate buildings, the authors do not anticipate any decreases in utility costs.

7. Transportation

All-Star Transportation currently manages transportation for both Ansonia and Derby, and while they share a transportation manager with Shelton, Seymour, Oxford, and Beacon Falls, they have separate contracts. According to one interviewee, buses from each district sometimes even drive on the same roads. The districts may be able to negotiate a better rate by seeking a contract together, but savings would be limited at best.

8. Economies of Scale

The district could save if they combine, negotiate, and procure together. Interviewees highlighted how buying in bulk saves money, and services - even extending to curriculum and professional development - could be discounted. One interviewee proposed procuring copy machine contracts together; another mentioned buying toilet paper together. Over time, joint purchases could add up to significant cost savings.

The authors assume a 10% discount for bulk purchasing; therefore, the districts could save about \$140,000 total across both districts.

New Opportunities for Students

While shared district operations could save money for students, shared programming could provide new opportunities for students and potentially save districts money too. Below are two potential ways the districts could share academic services and extracurriculars:

- **Course Sharing:** Both Ansonia and Derby have high school courses that are not offered in the other district. Students could cross-register for courses in the other district, much like how college and graduate students can cross-register at nearby institutions. This would offer high school students access to a greater variety of courses, from new AP and honors classes to career and technical courses. To do so, the districts may need to consider offering transportation between sites.
- **Athletics:** While the districts could consolidate teams, a more palatable option would be to allow students from the other district to participate on teams that don't exist in their city. Doing so would expand students' choices for sports and would also ensure the sustainability of smaller sports teams.

Implementation

Though the idea of sharing services was attractive to even the most cynical interviewee, the challenge of any shared service lies in the details. Indeed, for a shared service to succeed, Ansonia and Derby would need detailed arrangements that spell out precisely how the shared service would be operated. These would help stakeholders overcome any potential distrust of the other district and detail the plan's logistics.

While any agreement will differ based on the service shared, an arrangement could include:

- the cost to each district for the service shared
- the division of students from each district who can participate, including any rules that give priority to local students
- the responsibilities for each district's staff
- the facilities to be used for each service
- the supervision and division of time for any shared positions
- a clause that penalizes either district for breaking an agreement

By including these details, as well as disincentives for breach, the districts could prevent issues that led to separation in the past.

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It may be the case that Ansonia and Derby should "go slow" and pilot sharing one service that both districts expect to go smoothly. If the pilot succeeds, the districts could expand to share additional services in future years. This approach would give each district the opportunity to test shared services again before committing to additional service sharing.

Conclusion

If Ansonia and Derby do not regionalize, there are still opportunities to save money and expand opportunities for students. This report has described the governance structure used for sharing services, some examples of shared services in Connecticut, and services that both Ansonia and Derby could consider joining. For an arrangement to be successful, both districts will need to lay out all of the details in a cooperative arrangement that clearly delineates the responsibilities, costs, and boundaries for the shared service. While these arrangements may take time, sharing services could offer each district financial savings and new learning opportunities for their students.

Works Cited

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