
1-20-2004

Final Report: Task Force on Increasing Efficiency and Equity in the Use of K-12 Education Resources

James Doughty
Husson College

David L. Silvernail PhD
University of Southern Maine, Center for Education Policy, Applied Research, and Evaluation

Robert Cobb
University of Maine

Bonnie Titcomb Lewis
Mitchell Scholarship Research Institute

Joan Mcphetres MBNA
State Board of Education

See next page for additional authors

Follow this and additional works at: https://digitalcommons.usm.maine.edu/cepare_improvement

Recommended Citation

Doughty, James; Silvernail, David L. PhD; Cobb, Robert; Titcomb Lewis, Bonnie; Mcphetres, Joan MBNA; Reir, James; and Rosser, John, "Final Report: Task Force on Increasing Efficiency and Equity in the Use of K-12 Education Resources" (2004). *School Improvement*. 11.
https://digitalcommons.usm.maine.edu/cepare_improvement/11

This Report is brought to you for free and open access by the Center for Education Policy, Applied Research and Evaluation (CEPARE) at USM Digital Commons. It has been accepted for inclusion in School Improvement by an authorized administrator of USM Digital Commons. For more information, please contact jessica.c.hovey@maine.edu.

Authors

James Doughty, David L. Silvernail PhD, Robert Cobb, Bonnie Titcomb Lewis, Joan Mcphetres MBNA, James Reir, and John Rosser

Final Report

Task Force on Increasing Efficiency and Equity in the Use of K-12 Education Resources

Submitted to the
Honorable John E. Baldacci
Governor
State of Maine

January 20, 2004

Final Report
Task Force on Increasing Efficiency and Equity in the Use of K-12
Education Resources

Introduction

On February 5, 2003, the Honorable John E. Baldacci, Governor of the State of Maine, signed an executive order establishing the ***Task Force on Increasing Efficiency and Equity in the Use of K-12 Education Resources***, and charged it with the following duties:

- a. Examine all components of the K-12 education system in Maine to identify more efficient and equitable uses of resources;
- b. Examine state, regional, and local relationships with regard to school funding to determine practices that promote or detract from efficient and equitable use of resources;
- c. Consult with other study groups and stakeholders in carrying out its duties;
- d. Identify strategies used in other states to increase efficiencies;
- e. Identify incentives for improving efficiencies; and
- f. Act as a working group to recommend to the Governor actions to produce greater elementary and secondary excellence, efficiency and equity.

A copy of the entire executive order appears in Appendix A.

A seven-member task force was appointed by Governor Baldacci to fulfill the duties outlined in the executive order. These members were:

James Doughty (chair), Husson College, Department of Education
David Silvernail (vice-chair), University of Southern Maine, CEPARE
Robert Cobb, University of Maine College of Education
Bonnie Titcomb Lewis, Mitchell Scholarship Research Institute
Joyce McPhetres, State Board of Education, MBNA
James Rier, Maine Department of Education
John Rosser, The Spurwink Institute

Background

Maine should be very proud of its public school system. Without question, since passage of the Sinclair Act in 1957, we have made great strides in the last 45 years in improving the quality of our public schools, and in expanding educational opportunities for more and more of our children. We have increased our investment four-fold in our public schools since 1960; from approximately \$1,870 per pupil in today's dollars to over \$8,000 per student in 2002-03. At present, Maine spends approximately \$900 more per student than the national average.

And this investment has paid off. Year in and year out, Maine's 4th and 8th graders score in the top five in the country on the National Assessment of Education Progress (NAEP). We have one of the most favorable teacher-pupil ratios in the country, we rank 11th best in the country in terms of our high school graduation rate, and 7th highest in the country in how well we prepare our students for college.

But as we enter the new century, we are faced with significant challenges. Although we rank high on national tests, a closer examination of our scores reveal that over two-thirds of our students do not score high enough to reach acceptable proficiency levels, both on the NAEP, and our own statewide tests, the Maine Education Assessments (MEAs). And while it is true that we have one of the best high school graduation rates in the country, the rate has not changed significantly in over 40 years. In 1960 our high school graduation rate was about 74%; today it is 76%.

In addition, student enrollments are declining significantly, while the cost of education has not declined. In the last decade alone, the school age population has decreased 6%, and it is projected to decline 12-13% by 2015, a total decline of 20,000 – 25,000 students. The portion of our school population that qualifies for special education services has reached an all time high of 17% and the cost of special education has increased from \$75 million per year in the late 1980's to over \$225 million in 2002-03. And, in the last decade, real expenditures for education have increased 20%, while local communities have

increased their expenditures three times as much as the state. At the same time, there have been very few changes in the governance structures of our schools since the end of the Sinclair Act funding. At present we have 286 separate school districts attempting to provide education to approximately 206,300 students. That is, on average, one school district for every 720 students, one administrator for every 200 students, and one school board member for every 115 students. The evidence indicates that many of these smaller districts and schools are very costly; in some cases, approximately \$400 - \$600 more per child than in larger districts. And there is evidence that larger school districts may achieve the same or better results as the smaller ones.

Clearly, we must address these challenges if we are to insure that **all** our children receive a quality K-12 education. We must find more efficient ways to operate our public school system to ensure equity of education opportunities for all of Maine's youth.

Methodology

The task force used several strategies in fulfilling its charge from Governor Baldacci. First, it examined the background information just described, and formulated several assumptions to guide its work. These assumptions were:

- a. There are too many school districts in the state of Maine.
- b. Not all students throughout the state are receiving the same quality of education.
- c. Larger organizational structures are neither inherently good nor inherently bad.
- d. Regionalization of services may assist in providing more efficient and equitable education opportunities.
- e. Significant statewide projected enrollment declines will require new approaches to the delivery of equitable education opportunities.
- f. Some education systems in Maine are more efficient than others in delivering quality, equitable education programs and services.

- g. Increasing efficiencies and cost savings will require both state and local communities to explore and adopt alternative methods of delivering services.
- h. Cost savings should be shared by the state and local communities, whenever appropriate.

Second, the task force collected and analyzed information from other states facing challenges similar to those found here in Maine. This analysis resulted in three major conclusions:

1. Many states are facing similar challenges, but none have a proven plan that Maine may replicate.
2. Some states have instituted punitive measures on local school systems to increase efficiency. The task force recognizes that some punitive measures may be needed in the future, but it believes incentives should be at the core of any plan for increasing efficiency and equity.
3. Incentives included in several state plans are many times too small to encourage change. In addition, they focus on increasing efficiencies only, and not equity.

Appendix B describes some of the state strategies and plans examined by the task force.

Third, the task force reviewed existing state documents and plans, and consulted with a wide variety of individuals and organizations in Maine. A listing of some of these materials, individuals, and organizations appears in Appendix C. In addition, the task force conducted an analysis of several Maine data sources.

Thus, the task force used a multi-faceted approach in its deliberations, reached several conclusions, and developed recommendations that we believe will address our challenges, by increasing both the efficiency and equity in our public school system. Taken as a whole, we have concluded that we need a bold new set of strategies like those found in the 1957 Sinclair Act. In essence, we need a Sinclair II Act.

Recommendations

We believe several strategies are needed to address our challenges. At the core of these strategies are ones designed to encourage regionalization of educational services, and the consolidation of school districts.

Recommendation 1: The task force recommends greater regionalization of services.

Maine has several examples of successful regionalized programs. We believe that further regionalization is needed and that it will enhance our K-12 public education system. Therefore, we recommend the creation of **Regional Cooperatives (RCs)**. Regional Cooperatives are designed to enhance education opportunities by developing formalized collaborative agreements among five or more school administrative units (SAUs) with an aggregate total student population of 2500 or more.

Regional Cooperatives may be existing geographic regions, such as the vocational education regions, superintendents' regions, existing education regions, or any newly designed RC, approved by the Commissioner of Education.

Incentives for creating a Regional Cooperative are:

1. Legal authority to become a fiscal entity, for purposes of receiving and dispersing funds.
2. Salary and benefits for one FTE regional staff member (i.e., staff having region-wide authority, such as a regional transportation director, business manager, or special education director) will be assumed by the state for five years, on a declining scale (i.e., 1st year = 100%; 2nd year = 80%; ... 5th year = 20%; 6th year = 0%).
3. An additional 25% tuition reimbursement for locally approved graduate courses, for five years, at University of Maine System tuition rates.
4. State purchase of initial region-wide services software (e.g., transportation routing software; business software, etc.)
5. State programs for providing regional services training programs.
6. State grant programs weighted in favor of RCs.
7. State technical assistance support for the development of RCs.

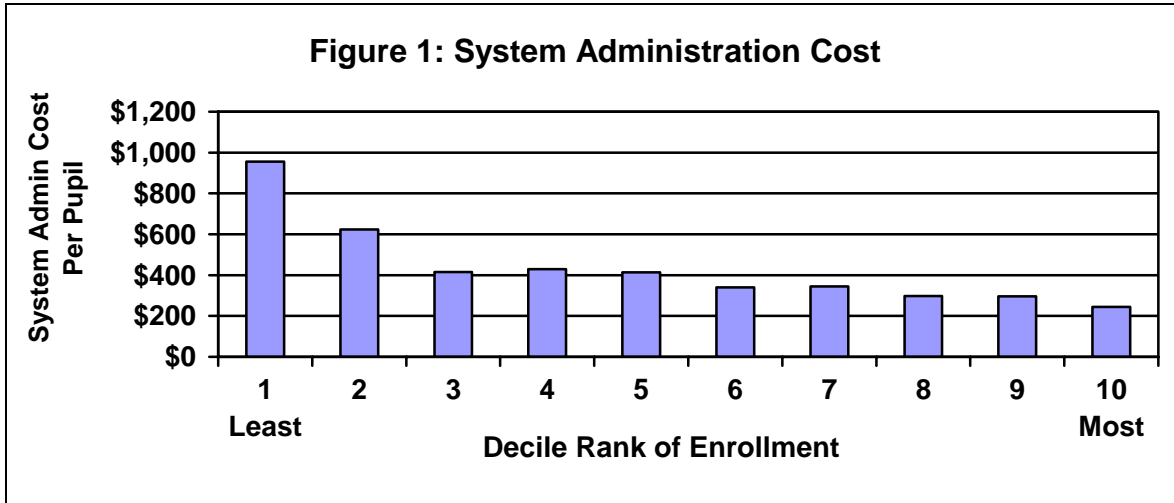
Requirements for receiving incentives include:

1. The development of a regional plan, which includes:
 - a. Mission & goals
 - b. Governance/organization plan
 - c. Savings targets
 - d. A plan for reinvesting savings in school instructional programs.
 - e. A plan of action shall include, but not be limited to:
 - i. supplies/equipment
 - ii. transportation
 - iii. fuel/utilities
 - iv. special education
 - v. professional development
 - vi. facilities & maintenance
 - vii. business operations
 - viii. administration
 - ix. personnel & negotiations
2. Regional Cooperatives must document yearly cost savings to continue receiving incentives.

The task force believes these provisions for the creation and support of Regional Cooperatives should be available for a period of ten years.

Recommendation 2: The task force recommends consolidation of school administrative units.

Maine has 286 school administrative units (SAUs), responsible for providing education for approximately 206,300 students. These SAUs range in size from 2 students to approximately 7,500 students, and range in yearly per pupil expenditures from approximately \$5,000 to \$15,000 (excluding plantations). Special education prevalence rates range from about 6% to 27%, and school system administrative costs range from less than 1% to over 20 % of school administrative unit expenditures. And as shown in Figure 1, on the next page, system administration costs are higher in smaller SAUs.



A review of these descriptive statistics led the task force to conduct an analysis of the relationships between district size, per pupil costs, and academic performance (MEAs). A table presenting the descriptive information used in this analysis appears in Appendix D. Table 1 reports the results of this analysis in terms of per-pupil cost for school administrative units of different grouping size. As shown in the table, SAUs under 2,500 spend anywhere from \$277 to \$7,640 more per pupil than larger school administrative units.

Table 1: Cost Size by SAU Size Group

SAU Size Groups	Size Range	Actual Per-Pupil Expenditure	Additional Expenditure vs. 2,500+
5	2,500+	\$6,590	-
4	1,000 – 2,500	\$6,867	\$277
3	500 – 1,000	\$7,100	\$510
2	125 – 500	\$7,591	\$1,001
1	<125	\$14,230	\$7,640

Further analysis of this information led to the following findings:

- K-12 school districts in Maine with enrollments of 2,500 or more tend to operate at a lower cost per pupil than districts of smaller sizes.
- Below 2,500 pupils, the lower SAU student enrollment is, the higher the per-pupil cost tends to be.

- Although, theoretically, some SAUs may be large enough that the diseconomies of scale outweigh the economies of scale, no significant evidence was found that this is the case even in Maine's largest SAUs.
- There are no significant differences in MEA school administrative unit scale score performance for SAUs below or above 2,500 pupils.

Therefore, the task force concluded that efficiencies could be increased and equity improved through the creation of larger school districts, where appropriate. Accordingly, the task force recommends the additional consolidation of school districts. More specifically, the task force recommends the creation of more efficient and effective **Regional School Districts (RSDs)** by: (1) combining 2 or more existing contiguous SAUs into a single new SAU; (2) establishing a single governing body of the new SAU, and (3) securing approval by the state board of education.

Incentives for creating new Regional School Districts (RSDs) are:

1. For RSDs with enrollment of **1000-2500** students;
 - a. A 7.5% bonus in current total GPA of existing SAUs. This amount will be awarded annually for 5 years.
 - b. The state will assume 25% of non-state supported major capital construction debt incurred prior to July 1, 2004 of participating SAUs (existing non-state supported major capital construction debt must first be reviewed and approved by the Commissioner of Education to be included in debt calculations). Additionally, for SAUs that join together to form a new RSD, each will retain its own debt obligations.
2. For RSDs with enrollment above **2500** students:
 - a. A 10% bonus in current total GPA of existing SAUs. This amount will be awarded annually for 5 years.
 - b. The state will assume 50% of non-state supported major capital construction debt incurred prior to July 1, 2004 of participating SAUs (existing non-state supported major capital construction debt must first be reviewed and approved by the Commissioner of Education to be included in debt calculations). Additionally, for SAUs that join together to form a new RSD, each will retain its own debt obligations.

3. State seed grants for the development of RSDs.
4. Additional state subsidy for two years for all-day kindergarten children, calculated by increasing the per pupil kindergarten guarantee amount by 50%.

Requirements for receiving incentives include:

1. The creation of a single RSD governing board. The board must insure one person, one vote representation, but may be no larger than eleven (11) members.
2. The total administrative expenditures of the new RSDs, for the first five years, may not be higher than the first year aggregate administrative expenditures of consolidating SAUs.
3. The new RSD must include at least one high school enrolling a minimum of 300 students.
4. The new RSD must implement a school-level budgeting and accounting system.
5. The new RSD must be operational within three years of concept approval by the State Board of Education.
6. The new RSD must document yearly cost savings to continue receiving incentives.

The task force encourages RSDs to identify appropriate strategies to support continued school-based involvement by local communities in their RSDs.

Finally, the task force believes these provisions for the creation and support of Regional School Districts should be available for a period of ten years.

In addition to these recommendations regarding regionalization of services and consolidation of school districts, the task force recommends changes in several other areas.

Recommendation 3: The task force encourages school administrative units to examine administrative costs in similar size SAUs.

The task force recognizes that consolidation of school districts may not always be appropriate. However, in those cases we recommend that school

administrative units attempt to increase efficiency in administrative costs by exploring SAUs of similar size that spend less on administrative costs.

Table 2 presents a sampling of system administrative expenditures and school administrative expenditures per pupil in a few SAUs of similar size.

Table 2: System and School Administration Expenditures

District	Size	Percent Expenditures for	
		System Administration	School Administration
A1	155	8.17%	6.75%
A2	155	2.14%	4.26%
B1	392	5.04%	6.16%
B2	395	2.41%	5.71%
C1	715	5.77%	4.26%
C2	750	2.87%	3.57%
D1	1053	5.02%	6.49%
D2	1035	3.22%	6.06%
E1	2127	5.39%	5.43%
E2	2155	2.36%	5.01%
F1	3232	4.49%	3.63%
F2	3283	1.72%	4.39%

Even this sampling reveals considerable variance in expenditures. The task force recommends that the Maine Department of Education publish and distribute this information for all SAUs each year, and that SAUs be encouraged to examine similar size school administrative units with lower administrative costs.

Recommendation 4: The task force supports the recommendation of the School Administrative Unit Study Group.

The 120th Maine Legislature established the School Administrative Unit Study Group, and charged the group with developing recommendations for improving the operation of school administrative units to achieve the Maine Learning Results. After discussion, deliberations, and analysis, the group reached the following conclusion:

The study group concluded that while school size and unit size does not conclusively impact student achievement, school unions, small units, and small schools are more costly to operate. To provide maximum educational experiences for Maine students in the most efficient manner possible, Maine must encourage the development of new K-12 School Districts. School Unions must reorganize. The DOE must provide facilitators and assistance to school units to achieve study recommendations.

The task force concurs with this conclusion, and supports the recommendations of the Study Group. The task force believes its recommendations for the consolidation of school districts may facilitate the implementation of the Study Group recommendations.

Recommendation 5: The task force recommends a cost-based program for increasing the efficiency and equity in school transportation.

One might expect that school administrative units with similar numbers of pupils, similar numbers of miles of road, and similar numbers of miles traveled by school buses, etc., would report similar transportation operating expenditures. In Maine, however, wide variations in reported transportation expenditures exist, even among school administrative units with apparently similar cost-relevant characteristics. A few examples are presented in Table 3.

Table 3: Transportation Operating Expenditures

District	Resident Pupils	Miles of Road (Class 1 – 5)	2000-01 Cost Per Pupil
G1	28	33.57	\$1,286
G2	28	32.95	\$490
H1	48	45.96	\$1,231
H2	44	39.41	\$461
I1	152	62.67	\$512
I2	175	68.89	\$384
J1	173	49.05	\$879
J2	177	47.08	\$293
K1	337	170.70	\$501
K2	339	183.19	\$259

As shown in the table, for example, school administrative units G1 and G2 have the same number of resident pupils (28 pupils) and similar miles of road (33-34 miles), but the transportation expenditures in the G1 school administrative unit are more than 2½ times those in school administrative unit G2.

An analysis of school transportation expenditures by the Maine Education Policy Research Institute, at the request of the Maine State Board of Education (SBE), revealed there are two primary cost drivers of transportation; the number of resident pupils in a SAU, and the number of miles of Class 1-5 roads in a SAU. Based on this analysis, the SBE has adopted a cost-based transportation program in the Essential Programs and Services funding formula. The SBE believes the new program will promote greater equity in the distribution of state education resources because the program:

1. Calculates costs based on non-discretionary factors; that is, cost drivers that cannot be controlled by the school administrative unit;
2. Takes into consideration both the number of pupils in a SAU and the geographic profile of a SAU (density); and
3. Results in unique costs for each school administrative unit.

The task force agrees with the Maine State Board of Education and recommends adoption of the new cost-based transportation program. In addition, the task force recommends that savings from transportation efficiencies should be used to increase school instructional resources.

Recommendation 6: The task force recommends changes in the identification and delivery of services for special needs students, and the adoption of a cost-based formula for funding special education programs.

Maine identifies a higher percentage of students as eligible for special education than 47 other states. Data based on actual enrollment by the Maine Department of Education indicates that Maine schools provide special education to 17.3% of all children ages 3-21.

There may be many reasons for Maine's high prevalence of students with disability, and the Maine Education Policy Research Institute has found that

inconsistency among school districts in the interpretation of definitions of disability is a significant factor. Inconsistency or variance in the identification of students with disabilities can lead to misallocation of resources. Developing criteria for interpreting the existing definitions and providing statewide training in these criteria may increase the consistency of judgments made by Pupil Evaluation Teams about students' eligibility for special education services, and, along with adoption of a cost-based funding formula, will support the more equitable distribution of scarce special education resources.

As part of the development of the Essential Programs and Services model, the Maine State Board of Education established a Working Group on Special Education Issues. Based on their analyses and deliberations, the Group has concluded among other things that the:

- Maine Department of Education should examine each of the 13 definitions of disability in Maine Special Education Regulations and develop and recommend new or revised criteria for eligibility relevant to each definition.
- Maine Department of Education should develop a standard pre-referral system for students at risk of academic failure, and require its implementation in all school districts and at all grade levels.
- Maine State Board of Education should examine the regional delivery of special education services that exists among some Maine school districts, to determine the levels of adequacy and cost of these services and the degree to which they support the concept of equity in service delivery to students with disabilities.

The task force concurs with these conclusions and believes their adoption will improve the equity and efficiency in special education. Furthermore, the task force recommends replacing the current expenditure-based funding formula for special education programs with a cost-based funding formula.

Recommendation 7: The task force recommends a comprehensive study of the feasibility of transforming vocational education programs into thirteenth year programs.

Increasingly, the demands of Maine Learning Results require high school students to spend four years concentrating full-time on their academic proficiency levels. With widespread reforms going on in high schools, coupled with the growth of school-sponsored alternative programs, addressing the unique learning needs of high school students will become more universal. A transformed vocational education system may free up the vocational centers and regions to make a unique contribution to the education system of Maine. In concert with the existing statewide adult education structure and Maine's new community college system, the vocational centers and regions may offer all interested Maine high school graduates access to one full year of post-secondary technological or career-based education carrying community college credits. The close proximity of college programs to all students would encourage more high school graduates to pursue post-secondary experience.

Therefore, the task force recommends that the existing system of secondary vocational centers and regions be studied to determine the feasibility of transforming them into a post-secondary education system representing a thirteenth year program open to all students upon completion of high school at no additional cost to students.

Recommendation 8: The task force recommends that the Program Cost Circuit Breaker in the existing school funding formula be examined and modified to ensure greater equity in the distribution of General Purpose Aid.

In providing services in the areas of special education, transportation, vocational education, and early childhood education (i.e. Program Costs), school administrative units may incur extraordinary costs, costs deemed to be beyond the SAUs available resources. Accordingly, the Program Cost Circuit Breaker was created in the school funding formula. Based on property valuation and a set mill rate, each school administrative unit is required to pay

a unique amount of Program Costs. Once this limit is reached (the circuit breaker point) the state pays all additional Program Costs.

In line with its original purpose, the circuit breaker program historically has helped many financially strapped school administrative units with extraordinary costs. However, in recent years because of, in large measure, changes in property valuations, application of the circuit breaker program has created substantial inequities among school administrative units. Table 4 reports the distribution of the \$78.5 million program circuit breaker funds in 2003-04 among school administrative units.

Table 4: 2003-04 Distribution of Program Circuit Breaker Funds

Percent of GPA Operating Subsidy Received by SAU	Amount of Program Cost Circuit Breaker Funds Received in 2003-04	Percent of Total 2003-04 Program Cost Circuit Breaker funds
0-10%	\$9,960,684	13%
11-30%	\$16,816,989	21%
31-50%	\$30,326,585	39%
51-70%	\$20,626,309	26%
71-90%	\$755,329	1%
91-100%	\$5,110	>1%
Total	\$78,491,006	100%

As shown in the table, many school administrative units receiving smaller percentages of state aid for operating expenses (i.e. higher ability locally to pay for education expenses) are benefiting substantially from the circuit breaker program. For example, 73% (13% + 21% + 39%) of the circuit breaker funds in 2003-04, or approximately \$57 million, were distributed to SAUs receiving 50% or less state education subsidy funds. In other words, those SAUs that are considered wealthier or have a greater ability to pay for local education are receiving 73% of the appropriated Program Cost Circuit Breaker funds. Thus, the task force believes the circuit breaker program results in substantial inequities, and recommends that the program be modified.

Recommendation 9: The task force supports the Maine State Board of Education regionalization study requirements for new school construction.

With rising costs and declining student populations, it behooves the state to be very thoughtful and deliberate in approving major capital construction projects. The Maine State Board of Education requires all school administrative units selected for a state supported school construction project to conduct an in-depth regional analysis to insure that a new or upgraded facility is in the best interest of the unit and the region over the long term. The study must address enrollment, including trends and projections; the proximity of available space, the compatibility of grade levels involved, student transportation, insurance, and the potential impact of these factors on the educational program and other issues related to the use of facilities. The study must also include information on the availability and accessibility of space in adjacent and nearby school administrative units. The task force supports the Boards focus on long term planning and the continuation of the regional study requirement.

Recommendation 10: The task force recommends that the resources of the Maine Department of Education be increased to implement the recommendations in this report.

Implementation of the recommendations in this report will require the investment of significant resources. These resources should be garnered from many sources, and the Maine Department of Education should use these resources judiciously to insure that greater equity and efficiency occurs in Maine's K-12 education system.

In closing, the task force believes we have made great strides in recent decades in improving the quality of our public schools, and in increasing equity of educational opportunities for more and more of our youth. But we face significant challenges in the coming years. We must find new ways to assure equity and increase efficiency in the use of our limited K-12 education resources. The task force believes the recommendations in this report will help meet these challenges, and improve our K-12 public school system.

End Note

The task force wishes to express its sincere gratitude to the many individuals who shared their experience, expertise, and advice with the task force. In addition, the task force wishes to thank Commissioner Susan Gendron for asking Suzan Cameron to serve as the Maine Department of Education liaison to the task force. Her compilation and analysis of information greatly assisted the task force in its work. Finally, the task force wishes to express its appreciation for the valuable assistance provided the task force by the staff of the Center for Education Policy, Applied Research, and Evaluation, at the University of Southern Maine, particularly the assistance of Paula Gravelle, James Sloan, Katherine Sargent, and intern Christina Foster.

APPENDICES

Appendix A
Executive Order

Executive Order

OFFICE OF
THE GOVERNOR

No. 08 FY02/03
February 5, 2003

AN ORDER ESTABLISHING THE TASK FORCE ON INCREASING EFFICIENCY AND EQUITY IN THE USE OF K-12 EDUCATION RESOURCES

WHEREAS, spending on elementary and secondary education is a large part of the budgets of Maine state government and municipalities; and

WHEREAS, Maine's investment in education has resulted in learning experiences our children deserve as measured by high test scores and exemplary high school graduation rates; and

WHEREAS, improved efficiencies in the delivery of K-12 education may result in great equity in the distribution and use of limited education resources and increased excellence in our schools; and

WHEREAS, to keep our commitment to education excellence, state, regional and local education leaders must join together to develop strategies for maximizing cost savings to be directed toward instruction;

NOW, THEREFORE, I, John E. Baldacci, Governor of the State of Maine, do hereby establish the Task Force on Increasing Efficiency and Equity in the Use of K-12 Education Resources (Task Force) as follows:

1. Duties

The Task Force shall:

- a. Examine all components of the K-12 education system in Maine to identify more efficient and equitable uses of resources;
- b. Examine state, regional, and local relationships with regard to school funding to determine practices that promote or detract from efficient and equitable use of resources;
- c. Consult with other study groups and stakeholders in carrying out its duties;
- d. Identify strategies used in other states to increase efficiencies;
- e. Identify incentives for improving efficiencies; and
- f. Act as a working group to recommend to the Governor actions to produce greater elementary and secondary excellence, efficiency and equity.

2. Procedures

The Task Force shall be led by a chair and vice-chair, and be composed of five (5) other members, appointed by the Governor. The Task Force shall meet at times and places called by the chair and with assistance from the Governor's Office and state agencies as necessary and appropriate to carry out its activities. The members of the Committee shall serve without compensation.

3. Other Resources and Support

The Task Force may accept staffing and other administrative support from outside sources as it deems appropriate to its duties.

4. Web Site Link

The Task Force shall provide a link on the Governor's Office web site to collect suggestions on potential K-12 education resources efficiencies.

5. Interim Report

The Task Force shall report to the Governor by May 1, 2003, on:

- a. The number and content of areas deserving of further examination by the Task Force pursuant to its duty to recommend actions to produce greater elementary and secondary education, excellence, efficiency and equity;
- b. The consultations it has had with other study groups and stakeholders; and
- c. Its recommendations for its further work plan.

6. Final Report

The Task Force shall submit a final report to the Governor by January 20, 2004. The final report must include recommendations for improving efficiency and equity in the use of K-12 education resources in Maine.

7. Effective Date

The effective date of this Executive Order is February 5, 2003.

John E. Baldacci, Governor

Appendix B

Examples of State Plans for Regionalization and/or Consolidation

Regionalization

- North Carolina and Washington State have state-wide salary schedules and work rules.
- Iowa has regional area education agencies which districts use for purchasing, special education services, media services, and staff development.
- North Dakota allows for Joint Powers Agreements, allowing political subdivision of the state (county, city, school district, etc) to enter into agreements which allow the collaborative the authority that each part has separately. Three of these organizations in North Dakota involve schools, the largest involving 25 school districts serving 15,000 students. These regional service organizations collaborate to gain access to resources to assist them with strategic planning, technology, and assessment. The leadership consists of a governance board, made up of school board members representing each school district, and an operating board, which consists of district administrators.
- Nebraska operates eighteen Educational Service Units (ESUs) which oversee regional services such as cooperative purchasing, regional Special Education programming and some regular education programming. ESUs have authority to tax.
- In Illinois, some districts co-op for sports teams, academic classes (usually items such as high level science and math classes that the individual districts don't have the enrollment to provide on their own). All of those examples would come about through inter-governmental agreements between the districts involved. The Board of Education doesn't get involved in those. Illinois has special education cooperatives, joint agreements, and vocational joint agreements. These entities provide the respective services for their member districts. Some are their own administrative entities, while others have districts as administrative agents.

Other states with regional entities:

Pennsylvania: 29 total, not based on county government

Colorado: BOCES

Indiana: Professional Development and technology purchasing

Kansas: Personnel contract negotiations, some Special Education services, and purchasing.

Oklahoma: Special Education services

Arkansas: 15 Regional Cooperatives, which school districts are required to join.

- ❖ Note that all states generally have some sort of arrangements involving sharing of resources. Some of these are formal arrangements through that state's department of education, others are arranged completely through the efforts of the districts involved.

Consolidation

Arizona

- Arizona recently implemented a similar commission to the Task Force. The commission is called the School District Unification and Consolidation Commission, and their charge is three-fold: to study the costs and benefits of unification or consolidation, examine other models, and to examine the impact of unification and consolidation on school districts. The commission will be reporting out their research on November 15, 2003 which will include recommendations for the Legislature and the Governor.

Arkansas

- Arkansas passed legislation in March 2001 related to consolidation of school districts. The law specified that only the State Board of Education could approve a consolidation or annexation. The Board will consider consolidation or annexation under certain circumstances: there must be a petition filed from all districts involved, a majority of qualified electors in the districts must approve the plan, the local boards must approve the plan, and the State Board must vote to approve. The law also specifies the dissolution of the former school districts, and establishes one new district. The Department of Education will draw the new maps. The consolidation should be done between two geographic contiguous districts unless the consolidation will improve educational benefit for all students or there will be a significant reduction in transportation costs.
- For consolidation an incentive allowance is added to the school district's state aid. The allowance is based on student population. The district receives 100% of the funding calculated by the formula in the first year and 50% in the second year.
- The Department of Education may order a consolidation of districts in the case of fiscal or academic distress. In this case, no incentive is provided.

Idaho

- The state funds the study and plan for consolidation. The amount is not to exceed \$10,000.
- In school districts where the implementation of a school closure plan requires the consolidation of one or more schools, the support program allowance is no less than the combined support program allowance of the component schools in the last year of operation. This incentive is in place for seven years following the consolidation.

Illinois

- A general state aid difference is paid if the newly reorganized district would receive less General State Aid than they would have as individual districts. This incentive is paid for four years.
- A salary difference allowance is paid. This is calculated as the difference between what teachers would have made on their individual district salary schedule and what they would make if placed on the highest salary schedule of the districts in the reorganization. This is paid for four years.
- A deficit fund balance is paid if districts have negative fund balances in certain funds. This allowance is paid for one year.
- \$4,000 is paid for each full-time, certified employee the reorganized district employs. This is paid for one to three years.

Iowa

- “Regional Academies” or grade 7-12 schools receiving students from multiple districts receive a 0.1 weighting for the percentage of the school day that a student attends the academy.
- There are property tax incentives available for reorganizing districts.
- A 0.1 weighting is used for districts involved in whole grade sharing agreements with contiguous districts, provided these districts agree to explore reorganization.

Kansas

- Any two school districts that consolidate prior to July 1, 2004 will be guaranteed their combined general fund budgets for at least four years.

Michigan

- The consolidation/annexation incentive is that the per pupil foundation grant (state aid) of the resultant district of a consolidation/annexation will be the higher of the two districts' foundations plus \$50 per pupil. (Note: It has been determined that the state can not afford that language and the school aid bill is being amended to remove it.)

Montana

- In 2001, Montana passed legislation to allow consolidated school districts to retain their basic entitlements for six years. This would allow them to retain 100% of their entitlement in the first three years, but the amount would be reduced 25% each of the last three years. The law includes a detailed description of when the average enrollment count should occur and how to calculate entitlement.
- This law included a financial note. In the year that it passed there was no money attached to the law since the analysis claimed the financial impact would not be felt until FY04 when the first consolidated district would be eligible. In all, the financial impact projected was less than \$12,000 in FY04. This fiscal note speculated that consolidated districts may have slightly higher property taxes in order to support the new district.
- Allows school districts that consolidate to each retain their basic entitlement for six years, retaining 100% of the entitlement for the first three years, and reducing the entitlement over the next three years by 25% each year.

North Dakota

- A reorganization bonus of a set amount per one hundred square miles included in the reorganized district is paid.
- A reorganization bonus per student is paid.
- A flat bonus is awarded for each school district that formed the reorganized district.
- Districts have the option to apply for an advance on the reorganization bonus in order to conduct feasibility studies for potential reorganizations.

Oklahoma

- In May of 2003 the Oklahoma legislature passed the Oklahoma Voluntary Consolidation and Annexation Act and Fund. This law provides financial incentives for consolidation. It specifies that beginning in July 1, 2003 if a school district participates in a consolidation or annexation they will be exempt from any fiscal penalty due to the consolidation for the year the consolidation occurs as well as the next three fiscal years. In addition, participating school districts will also be exempt from provisions relating to class size limitations for the year of the consolidation and the following five fiscal years.
- A “School Consolidation Assistance Fund,” administered by the State Board, provides assistance to new districts formed through the consolidation of at least two districts. Funds may be used for: purchase of uniform textbooks, employment of personnel, severance allowances, furnishing and equipping classrooms, purchase of additional transportation equipment, and removal or construction of school buildings.
- Consolidation or annexation can be mandatory, as deemed necessary by the State Board. This usually has to do with schools not meeting standards, and does not occur often.

South Dakota

- In February of 2003, the South Dakota legislature passed two laws relating to the consolidation of school districts. H.B. 1040 defined school consolidation in terms that needed to be altered in the state’s official statutes. These terms included: “joint district” defined as two or more adjoining counties, “Plan” as a plan to form or eliminate one or more school districts, and “consolidation” as the combining of two or more districts in which a new district and school board are created.
- H.B. 1039 was a fiscal appropriation to be used for incentives to consolidate. The state appropriated \$240,669 towards incentives. The incentives are based on a change in the statutes from 2000. The legislation says that if two or more school districts consolidate after July 1, 2001 the school districts will receive an additional \$300 per average daily membership – this incentive tops out at \$400 for the first year after consolidation. This incentive goes down to \$300 in the second year and \$200 in the third year. After the third year there are no more financial incentives in place.
- Districts consolidating are entitled to additional funding from the state for the first three years following the consolidation. This amount is calculated using the average daily membership of the schools prior to the consolidation.

Wisconsin

- The state guarantees that state aid to consolidating school districts will be no less than the total aid for the consolidating school districts in the year prior to consolidation. This guarantee is in place for four years. A small bonus in state aid is also provided for consolidating districts.

Citations

Barnett, Joshua; Ritter, Gary W; and Lucas, Christopher J. *Education Reform in Arkansas: Making Sense of the Debate Over School Consolidation*. University of Arkansas, retrieved 9/28/03: http://policy.uark.edu/ritter/consolidation_summary.html.

Education Commission of the States, Denver, CO. *Selected State Policies – School Districts – Consolidation/Deconsolidation*. Retrieved 9/19/03: <http://www.ecs.org/ecs/ecscat.nsf>

Governor of Maine Website. Retrieved 10/15/03.
<http://www.maine.gov/governor/baldacci/issues/education/index.html>

Montana Legislature, 2001, Montana HB0488, Retrieved 10/1/03:
<http://data.opistate.mt.us/bills/2001/billhtml/HB0488.htm>

South Dakota Codified Laws and Constitution, 13-6-92, Retrieved 10/1/03:
<http://legis.state.sd.us/statutes/index.cfm?FuseAction=DisplayStatus>

The Rural School and Community Trust, *School District Consolidation in Arkansas*, Washington DC. 20006, Retrieved 9/28/03: <http://ruraledu.org/docs/arkansas/arkcons.pdf>

Appendix C
Materials, Organizations, and Individuals Consulted

List of Information and Materials Reviewed

1. A Municipal Perspective on Regionalization, Consolidation, and Interlocal Cooperation by the Maine Municipal Association
2. Activities Supporting Interlocal Cooperation by the Maine Municipal Association (2003)
3. BOCES Information
4. Career and Technical Education in Maine information sheet
5. Comprehensive Education Plan – Component Plan Requirements from Title 20-A and Regulations
6. Draft of Preliminary Analysis: Efficiency and Equity in Maine’s School Transportation Funding Program
7. Essential Programs and Services: Equity and Adequacy in Funding to Improve Learning for All Children (1997)
8. Financial Indicators for 2001-02 Preliminary – Expenditure Amounts
9. Financial Indicators for 2001-02 Preliminary – Percentages
10. Keeping Promises: Honoring Our Commitment to Education Equity (February 1995)
11. List of Maine Department of Education Forms Requested of SAUs
12. List of SAUs in Conversations Regarding Consolidation
13. List of Vocational Regional Centers
14. Listing of Common Types of School Units and Characteristics
15. Maine Association of Vocational Education Administrators Curriculum Integration Project (March 2003)
16. Maine Report Card: 2001-02 State Totals and Percentages
17. Maine Report Card: 2001-02 State Totals and Percentages by Salary & Non-Salary Categories
18. Maine’s High School Dilemma by Gordon Donaldson
19. Per Pupil Expenditures by Unit Type and Size 2000-01
20. Position Paper on School Consolidation by Maine School Superintendents Association (10/23/02)

21. Regional Cooperative Relationships Report (June 3, 1998)
22. Regionalization Committee Progress Report (January 15, 1997)
23. Resolution regarding Consolidation/Unification by Maine School Boards Association (1998)
24. SAUs Percent of Total FY 2002 Budget Funded by State Subsidy
25. School Administrative Unit Study Group Interim Report (January 20, 2003)
26. School Governance: A Vital Factor in Student Achievement (June 30, 2002)
27. Special Education in Maine: Attaining Equity Through Program and Finance Reform (White Paper – August 2002) by Walter J. Harris & Pushpam Jain
28. State Board of Education Review of Current Cooperative Agreements (December 1, 1995)
29. Student Enrollment Projections by Town to 2015
30. The Evaluation of School Consolidation in Maine (September 1997)
31. Union 113 Millinocket Consolidation Study (July 2002)
32. Units with Higher and Lower Than Predicted Transportation Costs
33. Washington County Education and Economic Development Alliance Overview
34. Whither Maine's Population – Maine Policy Review (Winter 2000)

List of Organizations and Individuals Consulted

Commissioner Susan Gendron, representing the Maine Department of Education

Norm Higgins, Independent education consultant

Ray Hardy, Independent education consultant

Ray Poulin, Independent education consultant

Walter McIntire, Independent education consultant

Representatives of the Casco Bay Education Alliance

Representatives of the Maine Association of School Business Officials

Representatives of the Maine Education Association

Representatives of the Maine Municipal Association

Representatives of the Maine School Management Association

Representatives of the Maine State Board of Education special education study group

Representatives of the Maine Vocational Education Association

Representatives of the Washington County Education and Economic Development Alliance

Appendix D

Descriptive Information on Maine District Size, Costs, and Performance

Table 5: K-12 School Districts by Size Category - Group Means

Group Number	1	2	3	4	5
Enrollment Range	1-125	125-500	500-1,000	1,000-2,500	2,500+
Scale					
District Enrollment	79	337	786	1,576	3,343
Expenditures					
Cost per Pupil (\$)	14,264	8,067	7,100	6,884	6,632
Operating Cost per Pupil	12,201	6,325	5,816	5,602	5,354
K-8 Only	10,389	5,544	5,295	5,199	5,091
9-12 Only	16,013	7,978	6,865	6,514	5,982
Transportation Cost per Pupil	454	372	316	337	307
Special Education Cost per Pupil	1,609	906	993	916	911
Outcomes (3 year averages)					
High School Completion Rate	99%	91%	87%	88%	87%
Average MEA Score	n.a.	530.7	531.3	532.6	532.4
Student Characteristics					
Eligible for Free or Reduced Lunch	4.7	46.5	40.4	30.2	26.6
Special Education	17.7%	16.2%	17.3%	15.2%	15.5%
District Characteristics					
Pupils per Mile of Class 1-5 Road	1.7	3.7	6.5	10.5	14.7
Salary Cost Index	0.99	0.93	0.96	0.99	1.03

Table 6: K-12 School Districts by Size Category - Group Totals

Group Number	1	2	3	4	5
Enrollment Range	1-125	125-500	500-1,000	1,000-2,500	2,500+
Scale					
Number of Districts	2	20	22	42	24
Number of Pupils	159	6,744	17,296	66,212	80,243
Percent of State Total	0.1%	4.0%	10.1%	38.8%	47.0%
Expenditures					
Operating Cost (\$millions)	1.9	42.3	101.0	370.5	432.9
Percent of State Total	0.2%	4.5%	10.6%	39.1%	45.6%