

Public Sector Advisors



PRESENTATION TO

Minnesota Association of School Administrators



Shared Services Study – Reduce Costs and Improve Efficiency

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PRESENTERS

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Agenda

- Initiating a study
- Data acquisition
- Structured interviews
- Case study
- Existing cooperative agreements
- Implementation

Initiating a Study

- Select/recruit participants
 - School districts
 - Municipalities
 - Non-profits
 - Businesses

Initiating a Study *cont.*

- Establish goals
 - Specific: Determine the potential for cooperatively providing recreational activities for middle school students
 - General: Determine interest and efficacy of jointly providing administrative services related to overall leadership, human resources, accounting, purchasing and facility maintenance

Initiating a Study *cont.*

- Determine leadership
 - In-house
 - Assignment or volunteer
 - Recognized leader
 - Time commitment
 - Consultant
 - Impartial opinion/outside perspective
 - Skills and expertise
 - Need all stakeholders to participate

Data Acquisition

- Structured interviews
 - Board members
 - Superintendents
 - City/County officials
 - Other administrators
 - Business owners

Data Acquisition

- Comparative data
 - Funding
 - Expenditures
 - Tax burden
 - Population
 - Trends

Purpose of Interviews and Data

- Willingness to participate
- What is acceptable
- What is not acceptable
- Identify common interests, issues and solutions
- Recognize successful efforts for replication

Shared Services Study

A shared services study researches opportunities to:

- Access economies of scale
- Increase purchasing volumes
- Create competition
- Replicate successful initiatives
- Share resources

Case Study

- Multi-District Collaborative
 - 5 Minnesota school districts

Purpose of the Study

- Potential to achieve enhanced:
 - Efficiency
 - Effectiveness
 - Cost/Effectiveness
- Contracted with Springsted for a Shared Services Study

Need for the Study

- Four of five districts
 - Experienced enrollment decline
 - Classified as low spending educational organizations
- All five districts
 - Classified as low wealth districts
 - Conducting recent or upcoming operating levy referenda
 - Negative impact of sub-inflationary funding from State
 - Negative impact of State to fund mandated programs

Need for the Study *cont.*

- All five districts
 - Negative impact of State's funding shift
 - Implemented General Fund budget reductions
 - Decade of inflation
 - Additional factors

Methodology of the Study

- Meet or survey key staff:
 - Superintendents, School Board Members, Business Managers, Principals
- Analyze:
 - Enrollment and enrollment trends
 - Expenditures/pupil data
 - Financial trends
 - Current administrative organization configurations

Methodology of the Study *cont.*

- Analyze:
 - Staffing trends
 - Pupil/teacher ratios
 - Shared services interest
 - Shared personnel capabilities
- Findings and Recommendations

Operating Assumptions

- Administrative or quasi-administrative functions
 - Collaboration
 - Degree of uncertainty or risk for success/failure
 - Interest/disinterest
 - Purchasing functions (interest)
 - Full-scale merging of functions (disinterest)
 - Few school personnel for sharing

Ten Year Student Enrollment Change

Table 1
Shared Services Study
Enrollment Change
1997-98 / 2007-08

<u>District</u>	<u>1997-98</u>	<u>2007-08*</u>	<u>Change</u>	<u>% Change</u>
District #1	1,067	928	-139	-13.0%
District #2	1,790	1,645	-145	-8.1%
District #3	1,815	1,912	+97	+5.3%
District #4	2,060	1,854	-206	-10.0%
District #5	762	610	-152	-19.9%

* ADM Served

Source: Minnesota Department of Education

Ten Year PK-12 Operating Expenditures

Table 2
Shared Services Study
PK-12 Operating Expenditures Per Student
1997-98 / 2007-08

<u>District</u>	<u>1997-98</u>	<u>2007-08*</u>	<u>Change</u>	<u>% Change</u>
District #1	\$5,935	\$7,923	+\$1,988	+33.5%
District #2	\$5,299	\$7,936	+\$2,637	+49.8%
District #3	\$5,667	\$7,865	+\$2,198	+38.8%
District #4	\$5,197	\$7,969	+\$2,772	+53.3%
District #5	\$5,894	\$9,247	+\$3,353	+56.9%
State MN Average	\$6,313	\$9,292	+\$2,979	+47.2%

* ADM Served

Source: Minnesota Department of Education

Select Comparative Expenditures, 2007-08

Table 3
Shared Services Study
Select Comparative Expenditures Per Student
2007-08

<u>Category</u>	<u>District #1</u>	<u>District #2</u>	<u>District #3</u>	<u>District #4</u>	<u>District #5</u>	<u>MN Avg.</u>
Administration, District/School	\$752	\$870	\$495	\$641	\$878	\$778
Regular Instruction	\$3,623	\$3,642	\$3,456	\$3,858	\$4,734	\$4,282
Career/Technical Instruction	\$40	\$106	\$166	\$164	\$140	\$146
Special Education	\$1,265	\$1,138	\$1,573	\$1,309	\$1,329	\$1,725
Instructional Support Services	\$253	\$315	\$419	\$250	\$109	\$468
Pupil Support Services	\$203	\$194	\$247	\$211	\$148	\$271
Operations/Maintenance	\$777	\$668	\$687	\$740	\$914	\$818
Student Transportation	\$584	\$422	\$612	\$450	\$394	\$570
Gen. Fund Operating Expenditures, District	\$7,923	\$7,936	\$7,865	\$7,969	\$9,247	\$9,311
Gen. Fund Operating Expenditures, Peer Group	\$8,595	\$8,481	\$8,481	\$8,481	\$9,150	

General Findings

- General Finding I
 - Myriad of potential administrative functions identified – valued by a minority
- General Finding II
 - Sharing of a number of higher risk administrative functions is not of interest
- General Finding III
 - Few individuals available to function in multi-school district capacity

General Findings *cont.*

- General Finding IV
 - Gravitate toward lower risk administrative functions
- General Finding V
 - Several high priority functions were ripe for collaboration or sharing, but would result in cost escalation
- General Finding VI
 - Select mainframe programs better coordinated on multi-school district basis (e.g. Community Education)

General Findings *cont.*

- General Finding VII
 - No reservation or opposition to contracted services to augment administrative functions
- General Finding VIII
 - Five Districts currently benefit from some forms of collaboration
 - Justification for field-testing shared services in 2010-11

Specific Conclusions and Recommendations

- Leadership/Administration/Management
- Purchasing of Products
- Procurement of Services
- Contracting for Insurance

Summary

- Further study and consideration by districts
- Cooperative efforts
- Individual choice by school districts
- Effectiveness
 - Sharing personnel
 - Greater specialization
 - Consolidating staff
 - Unlikely to generate savings

Summary *cont.*

- Increase efficiency and reduce costs
 - Joint purchasing
 - Competitive proposals for insurances
 - Service agreements
 - Sharing Staff

Implementation

- Present final report to elected officials
- Select limits/initiatives
 - Greatest potential
 - Long-term
 - Short-term
- Determine leadership
 - In-district personnel
 - Service provider/consultant
- Assess progress
- Move on to other initiatives

Existing Cooperative Arrangements

- State of Minnesota cooperative purchasing agreements
- Other districts or municipalities
- MNTAAB
- MSDLAF
- Service Coops
- Intermediate school districts
- Joint powers organizations

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