

UNIVERSITY OF PITTSBURGH INSTITUTE OF POLITICS

Cooperation and Shared Services

Creating Opportunities for Students in the Face of Budget Challenges

Prepared for the Education Policy Committee

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Introduction

In 2011, a small group of Institute of Politics Education Committee members gathered together for a meeting and presentation from Jeff Clay, Executive Director of Pennsylvania’s Public School Employees Retirement System. Mr. Clay offered some dire statistics regarding the financial future of Pennsylvania’s school districts. As a result of historic underfunding of the system and unfunded benefit increases to members, school districts anticipate dramatic increases and sustained high levels of expected district contributions in the coming years.

Although not new to those in attendance, the facts presented an alarming addition to the problems with which the committee was already familiar. The onset of the recession in 2009 and 2010 dramatically affected tax revenues at the state and local levels. While the state was able to maintain funding for school districts for the first two years, thanks to ARRA funds, this source of funding stopped in 2011 and was not replaced with additional state funding. Consequently, during that spring and summer, school districts began to examine drastic measures to reduce their budgets. These measures, examined in detail by the Education Committee in 2011, included significant staff furloughs, use of fund balances, and cuts to programs – over thirty unique cost-cutting and revenue-enhancing options in all. With such significant cuts already in place, the committee wondered how school districts would face the financial challenges projected for 2014

and beyond. The committee determined that schools would have to find new and creative ways to stretch their resources and control costs, and suggested that one way districts might do this would be to further explore shared services.

Shared services and cooperative efforts are nothing new. Districts in Pennsylvania have been working together, sometimes behind the scenes and under-the-radar, for many years in a variety of ways. Sometimes these arrangements are facilitated by an outside entity, such as an intermediate unit (IU). Others grow organically through shared needs (for example, joint sports teams or extracurricular activities). In some instances, school districts have partnered with non-school entities, such as municipalities.

As a result, the committee commissioned the Institute of Politics to examine shared services among school districts in the region to determine their current status and identify best practices or successes. The research found that while schools are taking advantage of shared services, commonly offered through the state's intermediate unit system, as well as through independent partnerships, those interviewed felt that in general schools could be cooperating more. It was also noted that the state's attempts to incentivize cooperation among districts (through programs such as the 2007 Common Cents) have met with limited success (See Appendix A for a brief explanation of the Common Cents program).

However, given the dire financial circumstances in which districts may find themselves over the next few years, the time may be right once again to examine the ways in which shared services can help school districts not only to control costs over the next few years but also to remain financially viable. With the development of new technology, which has enabled the sharing of services in an unprecedented way, facilitating shared services among districts may be easier than ever.

Among all school districts in Pennsylvania, small school districts may be even more vulnerable to anticipated budget cuts because:

- They have less initial overhead from which to cut (meaning that more of their budgets are invested in key personnel that cannot be easily outsourced)
- They potentially have a smaller, less diverse tax base

However, small districts may also stand to benefit most from collaboration. In Southwestern Pennsylvania, a number of smaller school districts, driven by a need to improve the quality of program offerings available and maintain high levels of student achievement with limited means, have taken the lead in pursuing a number of creative and innovative shared services agreements. Three stories from small school districts in the Southwestern Pennsylvania region will be featured in this report. Other opportunities for cooperation will also be showcased, with the intent of providing examples that may be useful to districts in the future.

As noted in a 2008 PSBA report, “the time to consider options is before external events force the issue.”ⁱ It is hoped that this information might be helpful to policymakers as they seek to direct their efforts to encourage cooperative efforts among school districts in meaningful ways.

Regional Collaboration

Intermediate Units

Intermediate Units (IUs) were created by the General Assembly in 1970. Under the school code, Intermediate Units serve as local education agencies. The purpose of the Intermediate Units is to achieve economies of scale in the provision of services to school districts and other educational entities.ⁱⁱ These services include joint purchasing, as well as administrative and service programs that are designed to save school districts money and provide access to services that may not otherwise be available to districts.

There are twenty-nine Intermediate Units in the state of Pennsylvania. Twenty-seven out of the twenty-nine IUs provide regional services, while the Philadelphia and Pittsburgh School Districts serve as their own IUs. IUs vary in the number of member school districts and counties they serve, with some comprised of a single county and others comprised of parts of several counties. Currently, Intermediate Units serve school districts, charter schools, and over 2,400 non-public and private schools statewide.ⁱⁱⁱ

Southwestern Pennsylvania is home to the following IUs:

- Allegheny Intermediate Unit (serving 42 districts in Allegheny County with the exception of Pittsburgh)
- ARIN (serving districts in Armstrong and Indiana Counties)
- Beaver Valley Intermediate Unit (serving Beaver County)
- IU1 (Serving Fayette, Greene and Washington Counties)
- Midwestern Intermediate Unit (serving Butler, Lawrence and Mercer Counties)
- Pittsburgh Public Schools (serving Pittsburgh and Mount Oliver)
- Westmoreland Intermediate Unit (serving Westmoreland County)

Intermediate Units (IUs) were created through Act 102 of 1970 replacing the county board of directors and county superintendents.^{iv} The legislation¹ required the IU board to provide services in the following areas: curriculum development, instructional materials services, continuing professional education services, pupil personnel services, state and federal agency liaison services,

¹*Provisions to Act 102:* permit the transfer of a school district from one IU to another IU and permit the merger of two or more IUs.

1975, 1978, 1980 Statutes: IUs mandated to furnish a broad range of auxiliary services to nonpublic school children attending school within the IU and IUs mandated to provide specific services to nonpublic schools students that are provided to public school students

and management services.^v Other services can be added at the discretion of the IU board. In addition, IUs are also required to conduct programs and services authorized by the State Board of Education.^{vi} Beyond the above list, IUs offer a wide variety of resources and services to school districts on the basis of locally identified needs.

All 27 regional IUs are generating operational savings for their member districts by leading joint purchasing efforts.² As of 2011, the types of joint purchasing programs included: joint purchasing for a range of unspecified products (22 IUs), health insurance (21 IUs), joint purchasing programs for back office administrative services for things like IT support, grant writing (21 IUs), and energy purchasing (20 IUs).^{vii} For example, ARIN IU 28, which serves Armstrong and Indiana counties, operates a self-insured consortium for health insurance and offers group transportation services. In 2009-10 FY, ARIN IU 28 member districts participating in these programs paid \$2,058,000 less for health insurance than if they purchased it on their own, and saved \$1,017,000 in transportation costs.

Similarly, Allegheny Intermediate Unit (AIU) has cooperative units for health care and transportation, and recently started a consortium for energy purchasing that has provided member districts with significant savings in diesel fuel, natural gas and electricity.

In addition, IUs deliver consolidated services that districts previously provided on their own including: support in the use of technology to improve instruction, staff professional development, facilitating district and school improvement planning, training educators in student data analysis to improve instruction, and supporting school and district curriculum development to ensure alignment with state academic standards.^{viii} For example, Midwestern IU serving Butler, Lawrence, and Mercer counties, provides a variety of consolidated back office administrative services to its 27 school districts, charter school, and eight nonpublic schools; this assistance saved over \$4 million in operating costs during FY 2009-10.^{ix}

One service offered statewide is PAIUnet, a high-speed broadband network that IUs use to deliver services, resources, and online instruction to schools and students. The network enables educators throughout Pennsylvania to communicate and share ideas about educational initiatives by connecting all 29 IUs and their member school districts, as well as public libraries and charter schools. The services that PAIUnet provides includes: internet, distance education, video conferencing, research projects, virtual field-trips, professional development courses, hosted applications, and campus safety.^x

IU revenue comes from three different sources: entrepreneurial activities, state and federal funding, and Pennsylvania Department of Education special projects funding.^{xi} These revenue streams vary across IUs.

² According to a 2011 Pennsylvania Association of Intermediate Units report.

Entrepreneurial activities are services that IUs offer school districts, charter schools, non-public schools and sometimes other community agencies and local governments for a fee. These services are usually created and custom-designed for the entity that requested it. These services include teacher professional development, information technology support, or administrative services. The amount of entrepreneurial activity varies across the different Intermediate Units depending on the IUs capabilities.^{xii}

In the wake of state budget cuts and the elimination of the specific line item in the state budget for IUs in recent years, IUs have been relying increasingly on entrepreneurial activities as well as special project funding from the Pennsylvania Department of Education. PDE often turns to IUs to assist in the enactment of programs funded in the annual state budget. An example of PDE special projects fund allocation is to the Lancaster Lebanon IU for the Pennsylvania Value-Added Assessment System project, which provides student growth data.^{xiii} As PDE has faced cutbacks in staff due to budget cuts, IUs have stepped in to assist in bringing state policies to the districts.

Beaver Regional Choice Initiative

Schools in Beaver County have faced a number of challenges that are typical of many areas in the state, including a declining school-age population over the past few decades and an increase in competitive pressures from popular charter and cyber charter schools. In response to rising competition, five years ago a number of superintendents informally came together to develop the idea behind the Beaver Regional Choice Initiative. With the help of Tom Zelesnik, the executive director of the Beaver Valley Intermediate Unit, the group successfully applied for a federal grant that would fund the initiative.

The Regional Choice Initiative is a consortium of 16 school districts:

- Aliquippa School District
- Ambridge Area School District
- Beaver Area School District
- Big Beaver Falls Area School District
- Blackhawk School District
- Center Area School District
- Ellwood City School District
- Freedom Area School District
- Hopewell Area School District
- Midland Borough School District
- Monaca School District
- New Brighton Area School District
- Riverside Beaver County School District
- Rochester Area School District
- South Side Area School District
- Western Beaver County School District

Ellwood City, though in Lawrence County, asked to be included in the program. The Initiative was funded initially through the Voluntary Public School Choice Grant provided by the U.S. Department of Education. While the initiative has several components, one of the most visible is the Open Seats program, which allows students in any of the 15 participating districts to take courses offered at any other district within the program, provided that course has open seats. Some of the courses that have been offered through this program include key STEM classes such as physics, higher-level foreign languages, and special interest classes related to business or law.

One of the unique features of the program is that RCI will work with students and teachers, once a class has been identified, to determine the best way of enrolling a student in the class. In some instances, this involves physically transporting the student to and from their home district in the course of the day. In other instances, the student is linked to the class virtually from a room in their own district.

Marianne LeDonne, Director of the Initiative, indicates that a key component of their success has been the involvement of building principals and teachers. She notes that the Initiative has monthly meetings for the principals of all of the high schools involved. This was essential as both the physical and virtual components of the program presented their own unique set of challenges for implementation. For example, in order to get building principals to allow students from other districts onto their campus, they had to coordinate certain components of their student handbooks, even as far as aligning or providing special exceptions to student dress codes.

A key component of the program has been the ability to offer professional development for online teaching. In order to have a successful model, the RCI relies on having trained professionals in the classroom who can handle virtual instruction alongside traditional teaching. Teachers and districts have seen great value in this offering. While indicating that the program isn't for everyone, as it requires a certain amount of personal responsibility on the part of the student, both LeDonne and Zelesnik indicate that one of the greatest results of this program is the involvement of students that had previously shown a lack of interest in school and were potentially at risk for becoming dropouts. Many students have been able to take advantage of not only coursework at other districts but also extracurricular programs like ROTC (offered at Ambridge), which, LeDonne adds, has provided them with greater structure and purpose, as well as leadership training and opportunities.

LeDonne notes that while the grant funding for this program expired in 2012, they have worked out an agreement to extend some of the funds from the fifth year into the sixth year. She indicates that, after five years, the program has become "institutionalized," and that districts are committed to continuing it, perhaps in a modified fashion, even after the grant is completely expended.

Open Campus Initiative – Hempfield, Mannheim Township, and Penn Manor

Beginning in the 2012-2013 school year, the school districts of Hempfield, Mannheim Township and Penn Manor (all located in the suburbs of Lancaster) will join together in a new initiative called Open Campus. The goal of the project, according to the district superintendents, is to provide their students with a better education choice that is less costly to taxpayers than cyber charter schools.

The project grew in part due to general dissatisfaction with the current offerings from cyber charter schools. In surveying students and their parents, Superintendent Leichliter discovered that students didn't necessarily want to leave their districts to obtain the flexibility that cyber schools offer in scheduling and course offerings, and they did not like that cyber schools provided no opportunity for in-person classes.^{xiv} Superintendent Becker indicated that, from the districts' perspectives, administrators did not feel that students were receiving the quality of education that Hempfield could offer; she felt that Hempfield could provide the same type of service with greater quality and in a more cost-effective manner.^{xv} When the superintendents came together to discuss these concerns, they agreed that collaborating would be the best way to address them.^{xvi}

As a result, the Open Choice program was developed. As designed, the program will allow students at all three districts to take advantage of a more flexible class schedule through online only courses or through hybrid courses, which have some online components but require students to attend physical classes twice a week. In 2012-2013, the districts will begin by offering 12 such courses, eight of which will be online only and four of which will be hybrid.

The partnership provides several opportunities for the three districts in areas like course offerings and building construction. For one, they can now share certain instructors that they may not otherwise be able to afford to keep. For example, the Latin instructor at Penn Manor recently retired, and the district eliminated the position due to budget constraints.^{xvii} Instead of students having to give up the course, they will now be able to take it at one of the other districts. In addition, Superintendents Becker and Leichliter both noted that their districts serve areas that have been experiencing growth, even during the recession, with the result being that Hempfield's high school is at capacity, and Leichliter anticipates reaching capacity within the next five years. They both acknowledged that flexible scheduling may allow their buildings to serve more students, by not having them all in the building at the same time, and notes that the money saved from deferred construction is money that can go directly to student programming.^{xviii}

The district superintendents credit the teachers' associations in helping to move this project forward and especially noted the cooperation of the PSEA.^{xix} Recognizing that curriculums for the classes that would be included in the Open Campus would have to be aligned, they convened teachers for a two day session to discuss changes to the courses. By the end of the two days, they said barriers had been broken down, and teachers were really thinking creatively about how they

could present the course material in new ways. The superintendent of Penn Manor noted that, when challenged to come up with an alternative to a physical textbook, math teachers found free, open-source course material online that all students could link to.^{xx} The response from teachers has been so positive that more teachers than needed have volunteered to participate in the first year of the program.^{xxi}

Becker and Leichter also mentioned the assistance of the Pennsylvania General Assembly, noting that the omnibus education bill that passed on June 30, 2012, included language that provided legislative authority for the Open Campus Initiative. The legislation codifies the Initiative and provides a blueprint for others to follow. They have also received a commitment from the PA Department of Education to work together to preserve this project.^{xxii}

In addition, from the beginning, they indicated that their process has been open and transparent to teachers, staff, parents, students and the community at large. Surveys were taken of the students and parents, and meetings were held with those who were interested in learning more about the program. Students who signed up for one of the new courses can get training ahead of time, so that they will go into class in the fall knowing what to expect. The superintendents noted that taxpayers in general were excited by the idea of the schools working together on this project.^{xxiii}

Recognizing that this experiment may become a model that will be replicated in other parts of the state and possibly nationally, the superintendents have documented their process and are looking to expand in the future. While they anticipate that 100-300 students will participate in the first phase of the program, they look forward to increasing offerings and flexibility over the next five years.^{xxiv}

Initiatives at the District Level

Leechburg Area School District

Comprised of just 800 students, Leechburg is the very definition of a small school district. With only a K-12 principal and assistant principal, a superintendent and a business manager, the district has very little in the way of administration. It is a source of pride that the district has made AYP every year for the past decade and has earned a Bronze School designation.

Former Superintendent James Budzelik reported that one of the district's more successful initiatives has been the establishment of a cyber-charter school within the district. This allows students interested in a cyber-education to stay enrolled in the district and even to pursue a hybrid education where they attend school part time and take classes online part time.

Because of the district's small size, Superintendent Budzelik feels that students are able to receive more personalized attention, which translates into academic success. He hopes that at some point in the near future, he will be able to provide an individualized education plan (IEP) for every student, which would help to further ensure that no student falls through the cracks. He would

like to incorporate STEM components into each student's IEP, to ensure that they are prepared not only for college but for a career.

Recognizing the value in shared services, the district belongs to a number of consortiums that provides them with access to services at rates that they would otherwise be unable to secure. The district relies on the ARIN IU to which they belong as well as PaTTaN, the statewide training network. He credits both the teachers union and the board for being supportive of the many initiatives that he has sought to introduce.

Finances for Leechburg continue to be tight. Superintendent Budzelik now hires only dual certified staff because it gives him more flexibility in where to place them within the district.

Cornell School District

Cornell School District educates about 700 students in the Coraopolis Borough and Neville Township in the western part of Allegheny County. Former Superintendent Belas is one of a number of people who have been with the district for many years and gives one the sense that she is completely dedicated to her work.

Cornell is a cornerstone of the community, and an important part of that was the football team. When the district could no longer afford to keep a team, due to the upkeep of the field and the stadium, Superintendent Belas reached out to Quaker Valley. Over a period of about a year, they worked out an agreement whereby Cornell students interested in football played with the football team at Quaker Valley. The two districts also created distinct roles during the games for the two cheerleading squads and the marching bands. This program has continued and is now in its third year.

While this functional consolidation of the football program has enabled both Cornell and Quaker Valley to continue offering the program, Cornell still struggles to maintain other programs in the face of continuing budget challenges, and the future of the school district is uncertain.

Quaker Valley School District

Those who are familiar with Southwestern Pennsylvania would likely recognize Quaker Valley to be one of the wealthier districts in Allegheny County, given that the district includes the communities of Sewickley, Edgeworth, and Sewickley Heights. However, unlike many of the wealthy districts in Allegheny County, Quaker Valley's total student population is under 2000. This, combined with other demographic features, provides Quaker Valley with some unique challenges.

Always visionary, Quaker Valley's current superintendent, Dr. Joseph Clapper, has reached out to partner with other districts in the area on a regular basis. Several years ago, when a teacher who had previously taught German retired, he didn't want to hire a new German teacher for just one class. Instead, he reached out to Upper St. Clair and worked out an arrangement where one of

Upper St. Clair's German teachers provided online instruction to his students while teaching a traditional class at his/her own district.

Dr. Clapper recognizes that creativity and cooperation are the keys to keeping programs alive, and he feels that he has a mission to provide a quality education not just to the students of Quaker Valley but to all students that he has the ability to reach. In addition, he notes that the Cornell partnership has been mutually beneficial, as Quaker Valley really did not have enough students interested in playing football to maintain a team. Cornell's participation on the QV team has made continuing the program possible in QV as well.

The Philadelphia Great Schools Compact

The Philadelphia Great Schools Compact, established in December 2011, is a collaborative initiative by the City of Philadelphia, the Commonwealth of Pennsylvania, the Philadelphia School District, the Pennsylvania Coalition of Public Charter Schools, the Philadelphia Charter for Excellence, and the Archdiocese of Philadelphia. The goals of the Compact are to reduce the number of poorly performing schools in the city of Philadelphia and to increase students' access to high quality educational programs.^{xxv} The Compact emphasizes cooperation between charter schools, public schools, and private schools, an anomaly in today's school system, but something that officials believe will be integral to the success of Philadelphia's K-12 student population. This strategy models the efforts of officials in Denver, Colorado who were the first in the United States to promote cooperation between a city school district and charter schools.^{xxvi}

The Compact has an advisory committee comprised of individuals appointed by the Compact member organizations. The Compact Committee is responsible for facilitating collaboration between school districts and charter schools, making recommendations to the School Reform Committee, and helping to implement the recommendations in accordance with accomplishing the goals of the Compact. In addition, the Committee has five working groups that provide leadership on specific topics: Accountability, Enrollment and Student Data, Facilities, Shared Services, and Talent Development.^{xxvii}

The Philadelphia Great Schools Compact partners with the Philadelphia School Partnership, which is an organization that raises funds to invest with school operators to improve schools in the Philadelphia region. The Philadelphia School Partnership has raised funds for the Philadelphia Great Compact initiatives through grants from the Bill and Melinda Gates Foundation and the William Penn Foundation. To date, the organization has secured \$20 million.^{xxviii}

With an ambitious starting goal, the Compact is committed to replacing 50,000 seats in the lowest performing schools with high performing public, charter, or Catholic schools by 2016-17. It aims to do this by increasing the enrollment of high performance schools, transforming or closing low

performance schools, replicating high performing programs, and aiding parents in identifying high quality schools that match their children's needs.^{xxix} Other Compact initiatives include³:

- By 2016-17, reduce enrollment in chronically failing schools to nearly zero, by adding at least 5,000 high quality seats in each of the next five years through a combination of turnarounds, closures and school expansions.
- Create an improved school-performance framework by the time 2011-12 student outcome data is available; aim toward developing a third-generation framework incorporating more college-readiness data within a few years.
- Develop and launch a multimedia information resource called GreatPhillySchools that will enable parents to use a simple, intuitive interface to research and compare all of the city's nearly 400 K-12 schools. The resource will be free to users and will be accessible in print and online.
- Develop a common enrollment system for all public schools (and perhaps for parochial schools) that will make it easier for parents and students to apply to a range of school options.
- Create a reimagined Office of Charter Schools, that sees charter schools as its primary constituents and that brings together outstanding support services and rigorous but transparent authorizing practices.
- Reinvigorate Intermediate Unit 26 as an educational services agency focused on providing cost-effective, best-in-class services and programs to all K-12 school providers on an opt-in basis.
- Create a Philadelphia urban school leadership residency program that emphasizes instructional leadership, management skills and mastering the technical elements of school administration (including school law, special education, state education policy, and more).
- Expand the impact of Mastery Charter Schools' nationally lauded teacher-effectiveness training for instructional leaders and coaches by hiring additional staff and expanding the program to enable more schools to participate.
- Develop K-12 benchmark assessments aligned to Common Core curriculum standards, focusing initially on math and reading.
- Develop and broadly share subject-based instructional strategies that move classroom teaching in the direction of student-centered or student-led lessons from the currently predominant teacher-led approach.
- Develop a new postsecondary model for educating would-be teachers to expand the pipeline of teacher and administrative talent in Philadelphia.
- Make surplus facilities available to independent school operators at prices that take into account the schools' ability to contribute to the goal of adding 5,000 or more high-quality seats annually, and create a Great Schools Facilities Fund to provide low-cost capital to schools looking to renovate and reimagine aging school buildings.

³ These initiatives were taken directly from the May 2, 2012 Compact Committee Meeting 13 minutes. (<http://www.philaschoolpartnership.org/philadelphia-great-schools-compact/updates>) As of the July 18, 2012 Compact Committee meeting, the Gates Foundation was only interested in funding 3 of the 12 initiatives.

Fiscal Assessment Study of Countywide Fayette School District

As noted earlier, discussions regarding consolidation and mergers are relatively common in Harrisburg. However, State Representative Tim Mahoney has taken a leadership role on this issue by proposing the consolidation of the six school districts in Fayette County (Albert Gallatin Area, Brownsville Area, Connellsville Area, Frazier, Laurel Highlands, and Uniontown Area) into one countywide district. To that end, in 2011 he commissioned and funded a study of the consolidation to determine if it would be feasible, and, if so, what cost savings could be generated. In an interview in early 2012, Mahoney indicated that his main concern was to ensure that kids in Fayette County left high school prepared for a career or to continue their education, and he wasn't sure that was happening under the current system. He noted examples of consolidated countywide districts in Maryland, West Virginia, and Virginia.

While enrollment in Fayette County schools in total declined by about 3,000 students (to 17,920) in the past decade, Mahoney reports that the districts have been spending more, most notably on administration and athletic fields. Noting that enrollment will continue to decline, Mahoney stated that he was committed to doing something to ensure the preservation of educational opportunity for the students in Fayette County. He also commented that the school districts are stretched financially, and that he has concerns about the districts' abilities to balance their budgets in the coming year.^{xxx}

Certain parameters were set in the beginning; any designs for the new district should retain the six existing high schools, as well as their athletic teams. The resulting report, conducted by Education Management Group, Inc., indicated potential cost savings annually of \$20 million. A large portion (\$7.1 million) of this would come from the reduction of 108 personnel. The report also suggests that eliminating one of the county's two career and technical centers would save \$1.5 million. Potential cost savings through more efficient busing and the elimination of up to 47 buses could be as high as \$1.9 million.

Other savings could arise through the development of a countywide cyber charter school. As is the case in many other districts, Fayette county schools are losing students and revenue to charter schools at an increasing rate. The study finds that the development of such a school may save \$3.2 million.

In addition to commissioning the report, Mahoney pledged that if cost savings were found, he would sponsor a petition to get the consolidation measure on the November 2011 ballot. While he secured 3500 signatures, the measure was challenged in court and the proposal was found to be ineligible for the ballot. Mahoney also convened several public meetings at various sites throughout the county for the purpose of encouraging discussion about the matter.

Several months later, Mahoney noted that he had been successful at getting the superintendents and school administrators to meet with one another, but that is as far as the proposal has

progressed. One superintendent, Carl Bezjak of Albert Gallatin, noted that the districts could do more to work together, and that cooperation would be “a better alternative than a countywide consolidation of administrations with school closures.”^{xxxix} Other ideas suggested at the first meeting including a countywide purchasing consortium and doing a better job collectively at working with the state to reduce unfunded state mandates, and there was general agreement that a countywide cyber school might be effective at providing the educational choices students desire while allowing them to remain in their home districts.^{xxxii}

While a countywide school district may not be the answer for Fayette County, Mahoney’s actions have resulted in everyone taking a closer look at the operations of the six districts in the county. School administrators have pledged to continue discussions about increasing the ways in which they can cooperate, and Mahoney believes that, even if all six do not develop a successful partnership, maybe two or three might come together in an agreement of some sort. He noted that this is just the beginning of a process that could take a decade to fully develop.

Conclusion and Recommendations

As the PSERS pension issue looms larger over the next few years, more and more school districts will face budget challenges that could have very serious impacts on the education that Pennsylvania’s children receive. Meanwhile, advances in technology now permit small schools to access academic programming from almost anywhere in the world. Setting up partnerships for athletics programs or teacher sharing may be more complicated, but has been proven to be workable in various settings. The cases included in this report provide evidence that school leaders have been instrumental in coming up with innovative and, most importantly, student-centered approaches to improve the quality of education they provide while maintaining or improving their bottom line.

In this vein, the committee advances the following recommendations for state policy:

- 1) IUs are in a position to do more to help school districts evaluate and implement cooperative agreements. The state should facilitate equity across IUs to ensure the quality and the consistency of the services offered. This may involve capacity-building at the IU level, as well as redefining the role of IUs as they continue to assist in the implementation of PDE policies and programs.
- 2) To the extent that it is able, the state should use any one-time funding sources to incentivize cooperation, perhaps by offering to subsidize start-up costs, which can range from minor (new uniforms for Cornell and QV cheerleaders and football players) to significant (costs associated with merging the Center and Monaca school districts. This type of program would have a multiplier effect and would likely result in matching funds for similar initiatives through the foundation community.
- 3) The state should encourage or require the addition of instruction around collaboration and cooperation best practices in superintendent programs at institutions of higher education in Pennsylvania.

While in many cases, as evidenced by the examples in this report, the impetus for the initiatives needs to come at the local level, the state and other entities can play a key role in enabling these projects and helping them come to fruition.

Appendix A

Common Cents

In 2007, State Representative Mark Longiotti introduced *The Common Cents Shared Services Initiative* legislation. The legislation was inspired by attempts of the Sharon City School District to reach out to other local school districts to discuss shared services as part of an effort to decrease a \$1.4 million deficit in its 2006 budget.^{xxxiii} The purpose of the initiative was to provide expert advice to school districts that were interested in learning about ways to use shared services.

The proposal was included in Governor Rendell’s 2007-08 budget, with funding for the Common Cents Initiative set at \$1 million in fiscal year 2007-08 and \$987,000 allocated in the 2008-09 budget.^{xxxiv} In addition, to make sure that state law was not standing in the way of school districts working together to improve services and save money, Governor Rendell called for a group of school officials and management experts to convene and make recommendations on changing any laws that might present barriers to shared services.

Shared services enable school districts to consolidate programs in order to increase the efficient use of taxpayer resources and to put the savings directly back into the classroom. In accordance with the cost saving goals, the Deloitte Consulting Firm was hired to analyze different shared services and their cost saving potential for school districts in areas including: transportation, food services and nutrition, instructional services, safety and security, purchasing, finance and payroll, facilities and real estate, human resources, technology services, and administration.^{xxxv}

Area	Identified Opportunity
Transportation	<ul style="list-style-type: none"> • Shared services for specialized transportation services • Shared services for transportation purchasing (e.g. fuel)
Food Services	<ul style="list-style-type: none"> • Shared services for food services management and commodity purchasing
Instruction	<ul style="list-style-type: none"> • Shared services for textbook purchasing
Purchasing	<ul style="list-style-type: none"> • Shared services for general purchasing (e.g. paper, office supplies, copiers)
Finance	<ul style="list-style-type: none"> • Shared services for delinquent tax collection
Facilities	<ul style="list-style-type: none"> • Shared services for custodial supplies purchasing • Shared services for utilities purchasing and/or efficiency audit

	<ul style="list-style-type: none"> • purchasing • Shared services for HVAC and Elevator Inspection and Maintenance
Technology	<ul style="list-style-type: none"> • Shared services for technology purchasing

DELOITTE COMMON CENTS REPORT TABLE 1

Each participating school district received an in-depth report with cost saving recommendations for each of the areas. The reports included recommendations about sharing services with all participating schools in an Intermediate Unit (IU), sharing services with a smaller group of schools, and sharing services or activities with a municipality. After the reports were distributed to the school districts Deloitte was to develop a written implementation plan for each recommendation including a list of possible vendors for items and services; however, the school districts were not required to implement any of the recommendations and could decide which, if any recommendations, they wanted to pursue further.^{xxxvi}

Although only 48 school districts received reports through the initiative, the program had the potential of benefitting districts statewide, because the cost-saving suggestions and other information contained within the reports could be examined and used by any district if it was applicable to their needs and circumstances. In addition, the Common Cents Initiative stressed the importance of IUs, which already play a key role in shared services, in potentially implementing some of the report recommendations.^{xxxvii}

A variety of concerns emerged about the Common Cents Initiative. School districts were not required nor given incentives by the state government to implement any of the recommendations. The reported potential cost savings were dependent on full participation, cooperation, and agreement of all the school districts involved as no school district could realize the savings on their own. For example, in creating a shared services center for instructional purchasing, professional development and curriculum coordination, curricula would have to be coordinated across multiple districts with those districts agreeing on textbook and software choices.^{xxxviii}

In addition, in a report to the Cumberland County Commissioner on the initiative, technical consultant Larry Littlefield found it questionable as to how much exposure and promotion the Common Cents initiative actually received. He noted that some districts opted out of the program because they mistakenly thought they were required to implement the recommendations from the Deloitte reports rather than having discretion about implementing recommendations.^{xxxix}

There was also considerable reservation about the need for the Common Cents Initiative since many school districts already used certain best practices relating to shared services such as participating in IU consortiums and state purchasing programs. Another issue was over whether or not the shared and consolidated services resulting from the initiative would be sustainable over the long run, and, if not, would they still be worthwhile to pursue.^{xl}

Furthermore, one source of cost-saving was that shared services would require fewer employees in administrative positions. Beyond the actual loss of jobs, some officials were concerned that there would be a loss in the quality and efficiency of the work.

The last concern reflected on efforts to create state-wide consortiums as a byproduct of the Common Cents Initiative. Because Pennsylvania is a diverse state, it was thought that it would be impractical to establish state-wide consortiums. Instead, it was suggested that shared and consolidated services should take place on a more regional or county basis.

Although it was acknowledged that the Common Cents Initiative had good intentions, the follow through was not as effective as it could have been. When the project first began, the intent was to continue it for several years in order to reach as many school districts as were interested in participating; however, no additional funds were allocated in the 2009-10 budget, and the program was discontinued.^{xii}

ⁱ (Pennsylvania Economy League, Inc. November 2008)

ⁱⁱ (Joint State Government Commission 1997)

ⁱⁱⁱ (Pennsylvania Association of Intermediate Units 2011)

^{iv} (Joint State Government Commission 1997)

^v (Joint State Government Commission 1997)

^{vi} (Joint State Government Commission 1997)

^{vii} (Pennsylvania Association of Intermediate Units 2011)

^{viii} (Pennsylvania Association of Intermediate Units 2011)

^{ix} (Pennsylvania Association of Intermediate Units 2011)

^x (About PAIUnet 2011)

^{xi} (Thew, Galasso and and Burkhardt March 3, 2011)

^{xii} (Thew, Galasso and and Burkhardt March 3, 2011)

^{xiii} (Thew, Galasso and and Burkhardt March 3, 2011)

^{xiv} (Wallace 2011)

^{xv} (Becker and Leichliter 2012)

^{xvi} (Wallace 2011)

^{xvii} (Becker and Leichliter 2012)

^{xviii} (Becker and Leichliter 2012)

^{xix} (Becker and Leichliter 2012)

^{xx} (Becker and Leichliter 2012)

^{xxi} (Wallace 2011)

^{xxii} (Wallace 2011)

^{xxiii} (Becker and Leichliter 2012)

^{xxiv} (Becker and Leichliter 2012)

^{xxv} (Philadelphia School Partnership December 2011)

^{xxvi} (Graham 2012)

^{xxvii} (Fourth Meeting 2012)

^{xxviii} (Key 2012)

^{xxix} " (Philadelphia School Partnership December 2011)

^{xxx} (Pickels 2011)

^{xxxi} (DeStefano 2011)

^{xxxii} (DeStefano 2011)

^{xxxiii} (Pennsylvania House of Representatives 2007)

^{xxxiv} (Littlefield 2011)

^{xxxv} (Deloitte 2008)

^{xxxvi} (Pennsylvania House of Representatives, House Education Committee 2007)

^{xxxvii} (Pennsylvania House of Representatives, House Education Committee 2007)

^{xxxviii} (Deloitte 2008)

^{xxxix} (Morton 2008)

^{xl} (Pennsylvania House of Representatives, House Education Committee 2007)

^{xli} (Littlefield 2011)