



## **Testimony of the New York State School Boards Association**

### **Senate Standing Committee on Local Government**

**Public Hearing: To listen to local governments, local elected officials and local government advocacy organizations regarding shared services and discuss how Albany can better partner with localities**

**Submitted February 12, 2018**

Good afternoon. My name is Brian Fessler and I am the Deputy Director of Governmental Relations at the New York State School Boards Association (NYSSBA). We appreciate the opportunity to offer testimony to the Senate Committee on Local Government and Chairwoman Kathleen Marchione on behalf of the more than 650 local school boards we serve. Thank you for including us, Chairwoman Marchione.

Across New York, there are nearly 700 public school districts educating more than two and half million students every day. Districts range in size and location from hundreds of students in one building in some of the most rural areas of the state to more than a million students in thousands of buildings in one of the largest cities in the world. Despite these differences, all districts must provide certain basic services and supports for their students, staff and communities. In an ever-changing educational environment with financial pressures at both the state and local level, school districts have worked hard to create both academic and operational efficiencies by working with fellow school districts, other local governments, non-profits and other organizations to share services. School districts understand this is a continuous process, as they look for ways to take advantage of existing opportunities and advocate for the ability to share services in new and creative ways.

While the property tax cap is often credited with forcing districts into greater levels of shared services, the unprecedented school aid cuts during and after the Great Recession necessitated that school districts find new ways to provide quality programs and services to their students while maintaining fiscal and educational solvency. To find administrative and back office efficiencies, school districts created central business offices, often through their boards of cooperative educational services (BOCES). When attempting to find health care cost savings, many districts joined together and became self-insured through health care consortiums. These districts found they were able to provide comparable coverage to their employees while reducing their overall costs. On the educational side, districts were able to preserve, and in many cases enhance, opportunities for their students using BOCES. New classes in emerging career fields were created to support districts that did not have the capacity to offer them to their students on their own. The cooperative education provided through BOCES has made those programs a reality. For enrichment, an increasing number of districts have participated in virtual classes, where one teacher is able to offer

instruction to students across multiple districts, without incurring additional transportation and administrative costs. School districts are constantly looking for ways to reduce the cost of doing business, while meeting the always-changing needs of their students.

This has generally been a successful process for school districts, but the state plays an important role. It is not uncommon for school districts to run into barriers when pursuing otherwise common-sense efficiencies. In these cases, school districts look to the legislature and the Governor to help support our efforts.

For example, current law allows school districts to participate in existing contracts for goods and services originally entered into by other local governments. This process, often called “piggybacking,” reduces administrative costs and can also result in lower overall costs for goods and services. Unfortunately, school districts do not have legal authority to “piggyback” on transportation contracts. This prohibition is counterintuitive, when it is considered that districts can share transportation services between themselves. They are also able to enter into cooperative transportation contracts, but this is only possible when all districts involved know the full range of transportation services they will collectively require over a period of up to five years. Given the changing needs of both students and districts, that is often unrealistic.

As mentioned previously, BOCES have been an incredibly successful model for school districts to reduce costs and enhance academic offerings through shared services. Despite this, there exist disincentives for school districts to work through BOCES. For example, under the property tax cap, a school district’s costs related to BOCES facilities and capital improvements are not counted the same way as a district’s own capital costs. Because BOCES are not taxing entities, their costs must be paid for collectively by their component school districts. Under this process, BOCES capital costs must compete against other areas of a school district budget, including transportation and special education services. This creates a real disincentive for school districts to invest in BOCES facilities. The legislature has been helpful with this issue, passing legislation in 2017 to address this inconsistency, but the Governor vetoed the bill. We are hopeful the legislature will continue to partner with us to make this change a reality.

Related to the BOCES model, regional high schools also have the potential to offer richer academic programs through the use of shared services. The overwhelming majority of school district merger and consolidation attempts have been voted down by their respective communities, but regional high schools exist as a way to tap into the benefits of mergers, while maintaining district identity and autonomy. By allowing school districts to partner to combine resources with each other or through their BOCES, students across the state could better access expanded educational opportunities. Small districts and districts in remote settings struggle to offer students the diversity of programs compared to their wealthier peers in more geographically concentrated areas. The New NY Education Reform Commission recommended the creation of these schools in their January 2014 report. Unfortunately, state law prohibits school districts from sharing services in this way.

Health care consortiums have helped save districts on health coverage costs, but only a limited few districts have been authorized to create reserve funds that allow those savings to fund future costs. Without the reserve, savings can be effectively lost at the end of the school year. In this case, school districts have identified a way to both save money now and plan for future expenses, but they simply are not legally permitted to take advantage of all the benefits.

The most successful shared service models are those that occur organically with meaningful engagement from all involved parties. While programs like the state's 2014 "Government Efficiency Plan" have led to some new shared service approaches, they often create just as many difficulties as they attempt to address. Those who must manage a budget day-in and day-out, whether it be school districts, local governments or the state government, best know where potential opportunities exist and where challenges may lie. School boards stand as a ready and willing partner in this process and look forward to working with you to continue to improve the lives of our students, taxpayers and communities.

Thank you for the opportunity to offer testimony on these important issues. Should you need additional information, please contact NYSSBA Governmental Relations at 518-783-0200.