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Education Service Districts Hold the Key to a Consolidation Compromise

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by Hon. Stephen L. Bowen

A better approach is needed

Despite months of work, the legislature appears little closer to finding a broadly acceptable approach to generating savings through K-12 consolidation and collaboration than it did when Governor Baldacci first presented his “Local Schools -Regional Support” plan in January. Even today, many legislators representing the state’s rural and remote areas have made it clear that they will vote against any budget bill that removes the management of local schools from local hands through the creation of large school districts with limited representation for the state’s small communities.

The good news is that experience elsewhere in the nation, and here in Maine, proves that local control can be preserved and budget savings generated through the use of collaborative bodies such as Educational Service Districts (ESDs). The Maine Heritage Policy Center outlined such a proposal in January, one that would result in efficiencies and substantial budget savings while preserving local school districts, a feature absent in the other existing plans despite the widely expressed desire among Maine people to retain a voice in the management of their local schools.

Combined with an element or two from the work of the Legislature’s Education committee and the Appropriations consolidation subcommittee, the ESD approach can be the consolidation compromise the legislature is looking for.

Generating real budget savings

The Maine Heritage Policy Center’s report on Education Service Districts outlined the dramatic savings these collaborative bodies are generating across the nation. How much can we save here? The following analysis uses FY 2006 state and local education spending data in five areas where significant savings have been generated using ESDs in other states: school and school district administration, transportation, operations and maintenance, and student instruction. To reach the \$36 million savings goal, the analysis assumes a conservative 5% savings resulting from shared services in each of the first four budget areas, and an even more conservative 3% savings in student instruction, the largest of the five areas of spending. The state’s 55% share of the savings is the amount made available for the budget.

Table 1
Estimated Savings Created by Education Service Districts
State Fiscal Year 2006

Budget Category	State and Local Spending, FY 2006	Estimated 5% savings	State Share - 55%
General District Administration	\$87,206,220	\$4,360,311	\$2,398,171
School Administration	\$104,440,030	\$5,222,001	\$2,872,100
Transportation	\$99,856,303	\$4,992,815	\$2,746,048
Operations & Maintenance	\$211,091,479	\$10,554,573	\$5,805,015
		Estimated 3% savings	
Student Instruction with Special Ed	\$1,358,426,179	\$40,752,785	\$22,414,031
Total	\$1,861,020,211	\$65,882,485	\$36,235,365

Note: These projected savings are based on 2005-2006 school year spending. Savings booked for the state biennial budget will be based on FY 2009 spending, which will be considerably higher, meaning even greater savings.

Source: Maine Department of Education

Consolidating elements of the three plans

1. From The Maine Heritage Policy Center: Educational Service Districts

As detailed in The Maine Heritage Policy Center's January 2007 report, 26 Educational Service Districts should be established, based on existing Career and Technical Education (CTE) regions, in order to provide shared services to existing school systems within each region. ESD boards should be governed by representatives from member schools boards, and should have the power to hire staff and assess for-service fees on member districts. Participating school boards should be required to utilize a set number of ESD services, but should retain some choice over which shared services best fit their needs. The state should modify the Essential Programs and Services funding system to allow direct state funding of ESDs for services provided to member districts.

2. From the Education Committee Report: \$3.98 million to fund ESD and shared service development

The Education Committee identified nearly \$4 million in the Governor's budget proposal, originally set aside for the hiring of additional building principals, that it would use to fund collaborative efforts. In this proposal, that funding would be used to assist in research on collaboration models and the development of the ESDs.

3 From the Appropriations subcommittee: A review of the costs associated with state and federal mandates on local schools.

As suggested by The Maine Heritage Policy Center in its January report, the Appropriations subcommittee identified state

and federal mandates on local school districts as a potential driver of rising school administrative costs. The state should undertake an independent study of the nature and costs of state and federal mandates, with suggestions for reforms, as outlined in the Appropriations subcommittee report.

4. From all three proposals: Implement "transparency in school budgeting" reforms, common budget format, and book \$36 million in budget savings

All three plans call for providing voters with clearer information about what their local schools and school districts spend. State budget reporting processes should be simplified, and voters provided with details on school and district administrative spending, comparisons to peer districts, areas of spending growth and other pertinent information.

Though The Maine Heritage Policy Center's report on ESDs did not specify specific budget savings, the \$36 million identified in the other two reports is achievable as outlined.

Conclusion

Legislators in Augusta have produced two major alternatives to the Governor's consolidation plan. The Education committee's plan would largely perpetuate the status quo, while the Appropriations subcommittee's plan contains a provision that would turn over the power to merge or eliminate local school districts to the unelected state Board of Education.

Between these two proposals, between doing too little and doing too much, is the Education Service District approach, which has been proven to improve educational services and generate savings while retaining the community involvement in local schools that is a hallmark of Maine's way of life.

Sources

1. Bowen, Stephen, The Maine Heritage Policy Center, *Maine View*, Vol. 5, No.1, January 2007. [http://www.mainepolicy.org/Portals/0/The%20Maine%20View%20-%20Vol.%20%205.%20Issue%20No.%201%20\(final\).pdf](http://www.mainepolicy.org/Portals/0/The%20Maine%20View%20-%20Vol.%20%205.%20Issue%20No.%201%20(final).pdf).
2. <http://www.maine.gov/education/data/budget/2006/ed248b06.html>.

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