

FINAL REPORT

The Efficiency and Effectiveness Task Force of the Marin County School Districts

March 2011

<http://www.marinschools.org/EfficiencyEffectiveness.htm>

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It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.” Charles Darwin

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Executive Summary

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In fall 2009, a group of superintendents and school board trustees came together with the support of the Marin County Office of Education to review potential opportunities to improve the efficiency and effectiveness of the public school districts in Marin. The financial issues facing school districts compelled the need for immediate cost-saving solutions. Two basic paths emerged from the initial meetings: 1) to study district consolidation, and 2) to study district collaboration through shared services.

A common and recurring question from the community, especially during tough economic times, is “Why are there so many school districts in Marin?” One motive for the question is that consolidation (merging two or more elementary, or two or more high school districts) and/or unification (merging an elementary and a high school district) could be more cost effective, thus saving the taxpayers money.

In researching Marin County school district organizational history, the Efficiency and Effectiveness (EE) Task Force discovered that during the most recent 20-year history there have been a few successful district consolidation efforts and many unsuccessful ones. Similarly, there are many successful shared services models and, as well, many possibilities for enhancing current efforts to maximize efficiencies.

In Marin, school districts focus on local needs in the context of the unique communities they serve. Local control in each school district can be described as:

- Locally-elected school boards
- Attention to unique needs of the local student population
- Local funding support (parcel taxes, foundations, PTA’s)
- Strong local commitment and investment
- Accessibility to trustees and top staff

It is clear that in the community and among committee members there are strong and diverging views on school district consolidation. There is consensus, however, that many factors impede implementation and cost savings. The most salient of these is the existence of strong core values in support of local control in each diverse community in Marin. School district consolidation requires grassroots efforts, significant community planning and coordination, and local voter approval. Such efforts can take a decade or more to implement successfully.

Given the short-term nature of the Task Force and due to state and local economic needs, the Task Force focused its efforts on recommendations for shared services that could be reasonably implemented in the next few years. The Task Force developed an approach and a set of four recommendations to support ongoing collaborative efforts among local school districts:

1. Develop shared services goals and accountability measures for ongoing countywide educational committees.
2. Include goals for shared services in district strategic plans.
3. Institute collaborative purchasing programs.
4. Develop and refine consistent financial analysis reports.

These recommendations are aimed at ensuring the sustainability of quality educational programs and the maintenance of local control and community participation in schools.

Formation of the Task Force

The Efficiency and Effectiveness (EE) Task Force convened in the fall of 2009. Mary Jane Burke, Marin County Superintendent of Schools, initiated the Task Force in response to a request from school district superintendents and trustees to study issues related to potential efficiencies while ensuring the effectiveness of the educational product delivered to our students.

As community-funded public agencies, trustees and superintendents are responsible for ensuring that tax dollars are spent wisely and in support of quality educational programs. The economic recession and crisis that hit school districts late in 2008 created reductions in school funding that required districts to make significant cuts to their budgets and programs. Educational leaders wanted to explore ways to better collaborate on the efficient and effective use of resources in order to maintain excellence in the public schools of Marin.

In 2009-2010, the EE Task Force met biweekly. A Purpose Statement was developed to guide its work.

Purpose Statement

As stewards of public funds and of the quality of education, we must continuously focus on the efficiency and effectiveness of all we do to ensure that every student has opportunities to learn and grow.

The purpose of the Efficiency and Effectiveness Task Force is to work with school districts in Marin County to study, analyze and promote best practices related to shared services. Our goal is to maximize resources to support student learning. This includes exploring how we may leverage our collective strengths, focusing on economies of scale and reducing redundant efforts, while ensuring the benefits of local control.

We will work together with superintendents and school board trustees to develop a series of recommendations for improving efficiency and effectiveness.

We value the local control provided by our districts representing the diverse communities of Marin. We also value the efficiency that can be obtained by sharing services and best practices. We will consider all possible opportunities for efficiency and effectiveness provided they have strong community support and evidence for continuous improvement in student achievement. In addition, given possible changes in educational funding models in the next decade, we need to ensure that long-term fiscal integrity is maintained.

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The Task Force researched the history and formation of public school districts in Marin. It reviewed the literature related to shared services and school district consolidation. School district financial statements for direct and indirect services were compared. The Task Force also reviewed existing shared services and related practices across Marin school districts.

There is a rich history of collaboration in Marin, and the Task Force saw as its purpose to develop recommendations to enhance and increase these shared services efforts.

History of School Districts in Marin County

The Task Force researched the directory of school district structures in Marin County in order to understand the issues related to local control and consolidation.

Marin County was established in February 1850, just prior to the state being admitted to the Union. By 1857, the county had three public school districts, but much of the education was still provided in private schools. There was no regional educational system in place directing how public education was delivered and funded. In order to receive public funding a change needed to occur, and by 1861 the county had elected a Superintendent of Schools, a County Board was formed, and teachers were being certified. In 1889, the student enrollment in the county exceeded 2,000 students and more school districts began to form.

By 1915, the number of school districts in Marin County reached a peak of 52. The factors that contributed to the existence of 52 districts included many one-room schoolhouses serving rural communities. By 1945, with the end of World War II, there were 39 school districts in Marin, consisting of one-room schoolhouses across rural Marin, as well as some smaller districts that had consolidated into the larger districts in the communities along Highway 101.

With the post-war baby boom, and the development of suburban communities, the 1950's and 1960's were a time of tremendous population growth, not just in Marin but also throughout the state of California. The "Optional Reorganization Act of 1945" provided initial support for school district consolidations or unifications. Within the next 15 years, 10 school districts in Marin had merged. In 1959, a new state-mandated committee, the School District Organization (SDO) Committee, was formed by the Marin County Office of Education and charged with holding elections on unification. To further encourage additional districts to merge, the Unruh Act of 1964 mandated community votes on unifications or consolidations and provided a short-term economic incentive to districts that merged. Over the five-year period (1960-1965), eight more districts merged. Within 20 years, the number of school districts in Marin was reduced by almost half to 21.

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Following are several efforts at unification since the early 1960s, some of which were successful while others were not:

- Tamalpais Union High School District's 1964 and 1975 efforts to unify with surrounding elementary districts were not approved by voters.
- Novato districts completed unification in 1965 after a ten year effort to unify three districts.
- San Rafael's 1966 and 1972 efforts to unify the two San Rafael and Dixie Districts were not approved by voters.
- By 1969 Shoreline unified 11 school districts over a 26-year effort
- Ross Valley approved consolidation in 1984 between Fairfax and San Anselmo school districts after a 10-year effort.
- In 1986 the voters were asked to approve another part of Larkspur School District (Ring Mountain area) to Kentfield. This was not approved by Larkspur voters.
- In 2001, an effort to unify Dixie School District and part of San Rafael High School District was rejected at the state level.
- In 2004 the Larkspur School District gave a portion of property in the Bon Air area of Greenbrae to Kentfield School District.

As the baby boomers grew up in the 1970s, many districts were forced to close schools because their enrollment had declined. Declining enrollment also resulted in other financial impacts to local educational programs. The Serrano-Priest rulings between 1971 and 1977 provided some equalization of funding for school districts. In 1978, with the passage of Proposition 13 and a decrease in ad valorem property taxes, the State took over primary funding of public education and allowed for local parcel taxes, now a popular form of funding in Marin.

(For a Timeline of School Districts in Marin County, see Appendix A)

What can we learn from the consolidation/unification efforts over the last forty years?

- ✓ Consolidation and/or unification require a strong base of community support.
- ✓ Proposition 13 funding requirements, and subsequent parcel taxes in support of local districts, have made it challenging to combine adjacent districts with different revenue sources.
- ✓ Merging districts requires several years to identify administration, labor, facility and community differences and to negotiate satisfactory resources and programs.
- ✓ Employee contracts and salary differences can impede consolidation and potentially reduce or eliminate cost savings.

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In the past decade, unsuccessful school district consolidation efforts in Marin led to certain conclusions. The fiscal and political challenges of proposed unification and consolidation require substantial community support and often do not endure critical evaluations about adequate resources and the resulting educational programs. Still, where there is substantial community support, districts may choose to research the benefits of consolidation.

Today there are 19 school districts in Marin County ranging in size from approximately 39 to 8,000 students.

Focus On Shared Services

After the Task Force's review of the history of Marin's present-day district configuration, it was clear that the current district structures provide many benefits for school districts. These include local control, opportunities for community involvement, and the ability of districts to be flexible and to respond quickly to changes in local, state, and federal funding and requirements. Districts have long partnered to provide many indirect services such as joint powers agreements for insurance, parks and recreation partnerships and professional development activities. The economic advantages of these partnerings are clear. The impact on student achievement may also be correlated to current district structure, as by many measures Marin public schools are among the highest performing in the state.

The Marin County Office of Education has facilitated many efforts to review and expand existing shared services among the school districts in Marin (*see Appendix B*). While school districts in Marin have long collaborated on some educational services, the districts need more opportunities for professional development, staff collaboration, direct service sharing and personnel resources, improved purchasing power, and other benefits that leverage economies of scale.

The findings of the Task Force conclude that economies could be best leveraged through more sharing of services across the districts. Such shared services, agreements and partnerships support children and families and protect educational effectiveness, quality and local control while ensuring efficiencies.

Task Force Research Summary

The EE Task Force focused on researching, identifying and making recommendations to expand shared services among school districts in Marin County. An *Efficiency and Effectiveness website* was created to allow the posting of references, studies and information that could be used to further the purpose of the Task Force.

The EE Task Force reviewed three grand jury reports: *Achieving School District Efficiency through Consolidation* (2010), *The Cost of Governance: Local Control Comes at a Price* (2010) and *School Administration – Is the Cost Too High?* (2004)

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The Task Force reviewed a recent research study by Deloitte, *Driving More Money into the Classroom: The Promise of Shared Services*, helpful in providing a rationale and description of the benefits of shared services. The Deloitte Study distinguished between direct and indirect school services that could be shared by two or more school districts or provided under contract by a larger district to a smaller district:

- Direct (Services to Students): Transportation, Food Service and Nutrition, Safety and Security, Health Services
- Indirect (Services to Staff or Infrastructure): Purchasing, Finance and Payroll, Facilities and Real Estate, Human Resources, Technology Services, Administration

The Deloitte Study summarized the following benefits of shared services:

BENEFIT #1: SAVE MONEY

For most school officials, the primary impetus for moving to shared services is the ability to reduce business costs in order to channel more money into the classroom or address budget shortfalls.

BENEFIT #2: GAIN ECONOMIES OF SCALE

Shared service agreements can enhance purchasing power and the ability to buy more products at a lower price.

BENEFIT #3: STANDARDIZE PROCESSES

The shared services model helps districts and school standardize approaches to problems across the organization. When processes are consistent, performance is more likely to be predictable and improvements easier to implement. Moreover, when processes are transparent, staff and stakeholders have more realistic expectations.

BENEFIT #4: ATTRACT MORE HIGHLY QUALIFIED STAFF

The shared services model allows districts that are often unable to match salaries of larger districts to pool resources and attract more highly qualified personnel.

BENEFIT #5: RETAIN LOCAL CONTROL AND ACHIEVE SCALE

Shared services provides a mechanism to allow schools to maintain control over their instructional budgets, yet still benefit from cost savings for non-instructional services.

BENEFIT #6: FLATTEN OUT PEAKS AND TROUGHS

There are regular variations in needs for certain types of services, and also sometimes unexpected spikes and dips. Shared services help spread out such risk and variability.

BENEFIT #7: LESSEN POLITICAL OPPOSITION

For taxpayers, sharing services is a much more popular cost-cutting option than political consolidation.

-Driving More Money into the Classroom, pg. 15

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A national study conducted by Howley, Johnson and Petrie (2011) for the National Education Policy Center also emphasized a shared services approach over district consolidation as the best method of improving school district efficiency and effectiveness.

The EE Task Force also commissioned a study by Blue Planet Schools (2010). Blue Planet Schools, Inc. conducted an evaluation of the purchasing program and review of materials used during custodial activities within the Marin County school district systems. Two overall findings were:

1. Districts are very good at maximizing use of local vendors and distributors. This has a positive impact on the local economy and helps save energy.
2. Purchasing power for the county for custodial supplies and materials is significant at over \$615,000. This amount should enable the county to consider basic order agreements with several selected vendors and should result in reduced unit pricing if procured appropriately.

The study recommended establishing county-wide purchasing agreements with major vendors on a yearly basis and procuring these contracts through competitive bidding.

Finally, a financial analysis of expenditures by function code was pursued by District Business Officials in order to identify expenses that could potentially be reduced through joint purchasing or services. This analysis revealed several inconsistencies in the manner in which Marin's districts code expenses. Therefore, the ability to compare and contrast expenditures and identify areas of possible savings was limited at this time.

Current Shared Services Among School Districts in Marin

The EE Task Force found that many districts in Marin are currently sharing resources in direct and indirect services. Shared services exist in personnel and related services such as transportation, cafeteria, and technology. These services result in cost savings for districts, as well as maximize the quality of the service provided. Across the county, many other forms of collaboration result in a more efficient focus on service, less redundancy and duplication of effort, and greater positive impact on students. Some examples are the cross-district committees, work groups, and associations that come together to plan professional development and to create and strengthen action plans for implementing strong programs that meet the needs of our diverse student population. These include the following joint work groups: District Business Officials, Maintenance Directors, Special Education Directors, Curriculum Directors, Personnel Directors, and Marin Association of Superintendents.

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EXAMPLES OF SHARED SERVICES that are currently shared or provided across districts in Marin are:

Service

Transportation

Districts

Reed Union School District contracts with Novato School District to provide transportation for its students to schools within its boundaries.

Shoreline Unified School District provides transportation services for Nicasio School District as well as bus maintenance and driver training for Lagunitas and Bolinas-Stinson.

Facilities

Larkspur School District provides facilities support to Ross School District.

Superintendents

Lagunitas and Bolinas-Stinson School Districts share a superintendent.

Shoreline and Nicasio School Districts share a superintendent.

San Rafael Elementary & High School Districts are combined under one board and superintendent.

The **Marin County Office of Education** (MCOE) provides superintendent services for the rural districts of **Lincoln, Laguna, and Union**.

Director/Special Education

Reed Union and Kentfield School Districts share a Director of Special Education.

Dixie School District shares a Special Education Director with the Marin SELPA.

Director/Curriculum

Dixie School District shares a Curriculum Director with the MCOE.

Business Services

Shoreline Unified School District provides business services to Nicasio School District.

MCOE provides business services to the rural school districts.

Nursing Services

Larkspur School District and **Kentfield School District** share a school nurse.

MCOE provides nursing services to Bolinas-Stinson, Lagunitas, Shoreline and the rurals.

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Professional Development

Committees in Curriculum, Technology, Business, Special Education, Maintenance, Personnel, Health/Safety meet monthly to share training, ideas, plans and protocols.

Countywide, districts have pooled their resources in the areas listed below:

These programs allowed more efficient operations and decreased risk through shared programs and services such as return to work, nurse triage, etc. For example, the Insurance IPA has been able to return money to its member districts.

- Insurance - workers comp, liability and health, dental and vision
- Legal services
- Group purchasing
- Student data gathering and analysis
- Support for homeless students via MCOE grant
- Disaster planning/emergency preparedness
- Drug and alcohol prevention and school safety programs
- Parent education programs
- Staff development and professional development for teachers
- Field maintenance and usage
- Shared internet and technology services through MCOE

Countywide, programs also involve community partners in the education of our children:

- The Marin County School to Career Partnership, a program providing career education and work place readiness skills to students, and supported by local Rotary clubs.
- The Marin County School and Law Enforcement Partnership, a coalition of school and law enforcement professionals work together to promote safe schools for our community.
- Joint Legislative Advisory Committee (JLAC) pools resources for monitoring and responding to state legislation impacting all Marin County school districts.
- BTSA (Beginning Teacher Support and Assessment) provides centralized support services and training for new teachers in all Marin County school districts.
- Joint Powers Agreements between Cities (Parks and Recreation) and school districts provide recreation programs and facilities.

When it is good for students and families, districts in Marin work together as a single unit and in collaboration with partner agencies. Shared services and effective collaboration among school districts and other agencies has been a long-held priority in Marin schools, and it is more important than ever to look for ways to maximize resources and funding.

Recommendations

After studying Marin County school district history, current levels of shared services and relevant research, the Task Force focused its recommendations in areas that could have the greatest potential for improving the efficiencies and effectiveness of the school districts of Marin. Based on existing examples of direct and indirect shared services among school districts in Marin, the Task Force identified the following areas for monitoring results:

- strategic goal development
- indirect service leveraging through joint purchasing
- financial analysis that allows comparability of expenditures across districts
- position sharing for direct services
- recognition of effort

The Task Force recommendations are based on the feasibility of implementation and the likelihood of gaining broad district support and buy-in.

The EE Task Force makes the following recommendations to support further shared service approaches among Marin County school districts:

1. Develop shared services goals and accountability measures for ongoing countywide educational committees. The greatest opportunities for identifying shared service possibility exist with the countywide committees comprised of local school district staff. These committees meet monthly or quarterly. Each committee will be asked to develop shared services goals. A packet of information with a goal-setting format will be provided to each committee. The EE Task Force recommends that Marin County Office of Education follow up with committees by working with the Marin County school boards and superintendents to support staff efforts to develop and implement goals in target areas to increase efficiencies and effectiveness.
2. Include goals for shared services in district strategic plans. Each school district should identify shared services goals in strategic plans, assign responsibilities to administrators, review progress with trustees, and ensure accountability. As opportunities occur, districts should investigate direct service sharing where feasible and appropriate.
3. Institute a Collaborative Purchasing Program - The Task Force recognizes that the combined purchasing power of the school districts of Marin provides a potential for significant cost savings if the majority of districts pool their purchasing.

The following are areas for consideration by the Marin County Office of Education and local school districts:

- a. Hire a single purchasing agent with expenses shared across districts. This function would identify the best suppliers and prices for specific projects.
- b. Adopt a technology solution to support the purchasing processes. For example, the County Office of Education Business Department presented ED-Buy (Epsilon) as a potential solution.

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4. Develop and Refine Consistent Financial Analysis Reports - The Task Force collected and analyzed the financial statements of school districts in Marin. Because of the different interpretations of expenditures, using the State's required codes, comparisons between districts was difficult. Although school districts of Marin have the internal ability to review and analyze their individual spending patterns, they could benefit from a common use of the required function codes as defined by the California Schools Accounting Manual (CSAM). Specifically, business officials are encouraged to:

- Review annually the use of Standardized Account Code System (SACS) codes across the districts of Marin County to ensure common usage and,
- Investigate possible technology solutions (e.g. Budget Explorer) to provide consistency across districts and to assist in efficient cash flow and multiyear projections.

Next Steps in Shared Services for Marin School Districts

1. The Efficiency and Effectiveness Task Force will present its recommendations to each of the school districts in Marin. Each Board of Education will be asked to approve a resolution supporting the shared service approach and the development of goals for accountability. Given Marin school districts' interests in cost savings and inter-district collaborations, each Board is encouraged to identify the year 2011 as "the year of implementation" of the next level of shared services with Marin County Office of Education and other local school districts.
2. In early fall 2011, the Marin County Office of Education, Marin Association of Superintendents and Marin County School Boards Association will appoint liaisons to serve on an EE committee. The EE committee, with the help of MCOE staff, will convene at least twice a year in fall and spring to hear reports from school districts that recognize and highlight shared direct and indirect services. Any committee established should sunset in 2015 and reestablish priorities and goals for shared services countywide.

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Appendices

- Appendix A Timeline
- Appendix B Shared Services by District