

*K-12 education*

**POTENTIAL SAVINGS OPPORTUNITY FOR STATE WITHIN K-12 EDUCATION IS ~\$30 – 50 MILLION**

<b>Opportunity</b>	<b>Next steps</b>	<b>State savings potential* \$ Millions</b>
<b>① Adjust EPS targets for non-instructional expenses</b>	<ul style="list-style-type: none"> <li>• Share potential cost-reducing actions with districts</li> <li>• Hold committee hearings and adjust EPS</li> </ul>	<b>25-30</b>
<b>② Encourage sharing of special ed service provider pools</b>	<ul style="list-style-type: none"> <li>• Identify schools that use specialist contractors</li> <li>• Encourage pooling with similar districts to hire specialists</li> </ul>	<b>Improved service delivery</b>
<b>③ Regionalize special ed designation</b>	<ul style="list-style-type: none"> <li>• Set statewide special ed diagnosis standards</li> <li>• Move from localized Pupil Evaluation Teams (PETs) to regionalized teams that follow new guidelines</li> </ul>	<b>Equal treatment of students</b>
<b>④ Standardize and consolidate teacher health contracts</b>	<ul style="list-style-type: none"> <li>• Require transparency on teacher health benefits and spending</li> <li>• Consolidate volume and renegotiate contracts</li> </ul>	<b>5-20</b>

**Does not include local savings of ~\$30-50M**

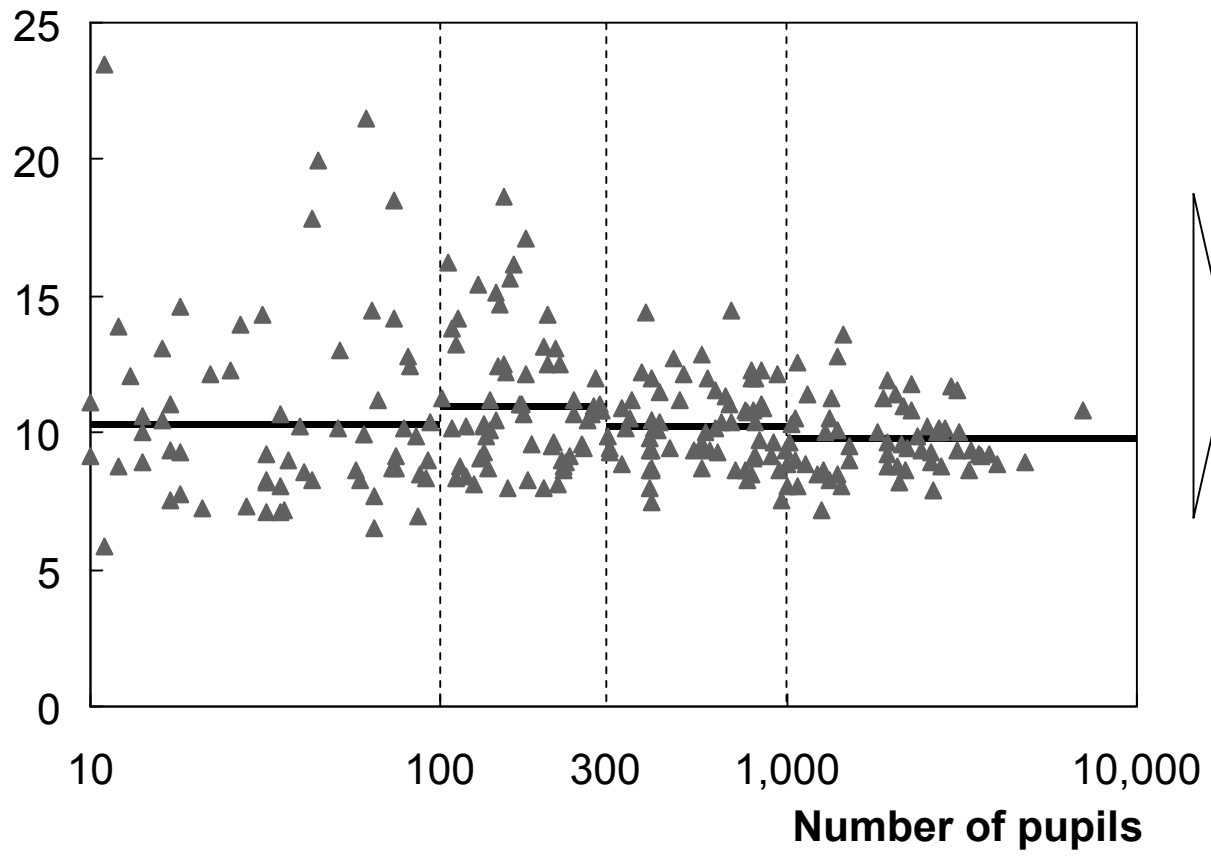
**30-50**

\* Net of potential savings from new school district reorganization/consolidation plan  
Source: State of Maine data

# 1 THERE IS SIGNIFICANT VARIABILITY IN TOTAL SPENDING PER PUPIL, REGARDLESS OF DISTRICT SIZE

Total spend per pupil for Maine school districts\* by district size

\$ Thousands per pupil



• Variability between top and bottom 25% of districts with over 1,000 students is about \$4,800 per student, or 54%

\* Based on sample of 258 school districts; excludes 25 districts with <10 pupils  
Source: State of Maine data; team analysis

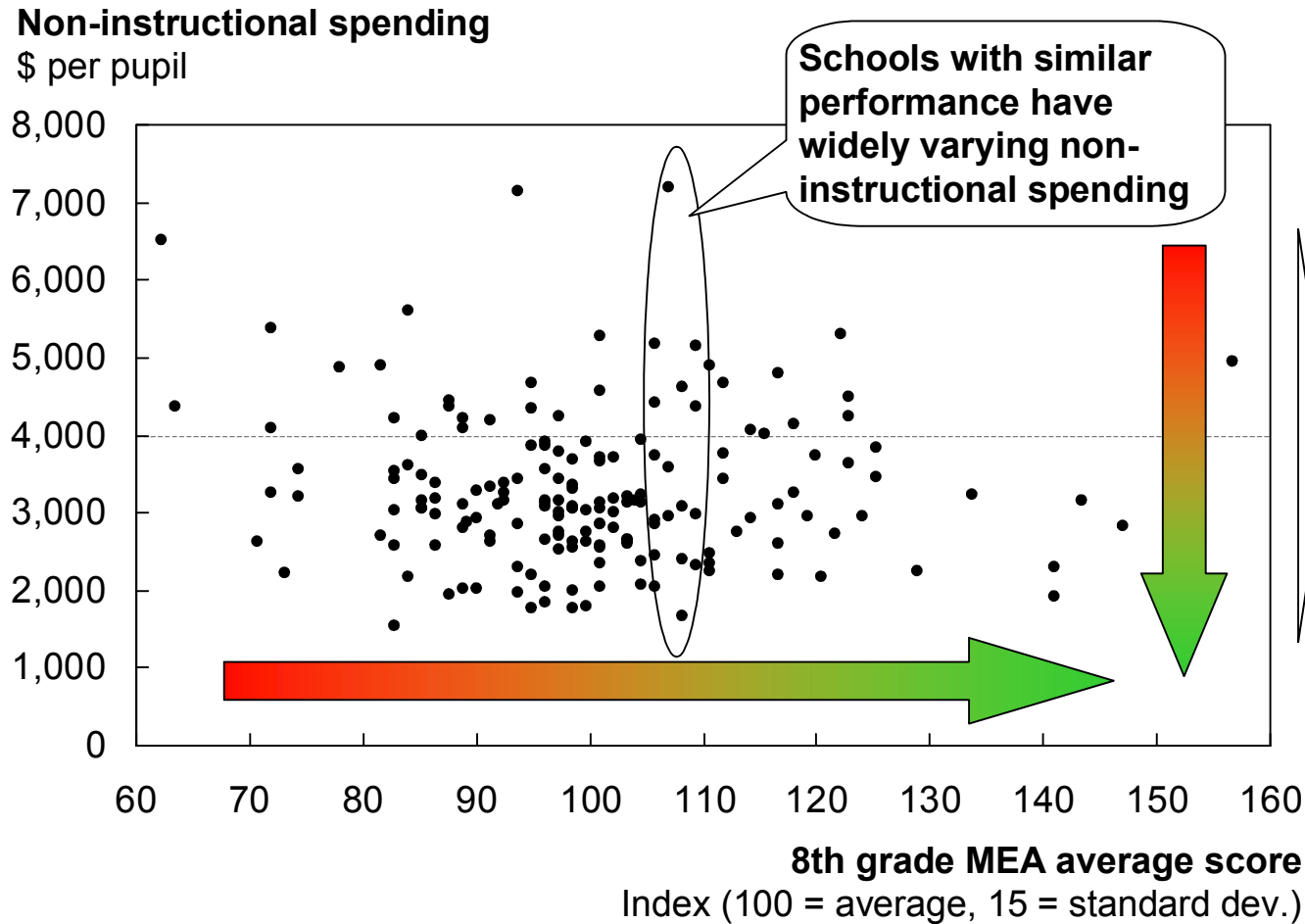
*K-12 education*  
**VARIABILITY IS SIGNIFICANT EVEN AMONG COMPARABLE SCHOOL DISTRICTS**

<b>Peer group definition</b>	<b>School district</b>	<b>State share</b>	<b>Total cost per pupil (\$/pupil)</b>
<ul style="list-style-type: none"> <li>• School districts with a population between 400 and 410 pupils</li> <li>• “Rural-distant” location type*</li> <li>• State share of funding &gt;60%</li> </ul>	<b>Dixmont</b>	<b>75%</b>	<b>7,453</b>
	Washburn	83%	8,723
	Dayton	63%	9,335
	<b>Chelsea</b>	<b>78%</b>	<b>10,462</b>

**40% difference in cost per pupil between Dixmont and Chelsea (comparable districts)**

\* Based on Institution of Education Sciences classification

# 1 STUDENT PERFORMANCE IN A SCHOOL DISTRICT IS UNRELATED TO PER-PUPIL NON-INSTRUCTIONAL SPENDING



- Lack of relationship holds true even after controlling for school size
- This suggests that reducing cost variability will not adversely affect instruction quality

# ① ② SAD 22 IN HAMPDEN HAS REDUCED NON-INSTRUCTIONAL COSTS AND IMPROVED SPECIAL ED SERVICES

## MAINE CASE STUDY

SAD 22 has taken several actions...

- Used the purchasing portal...



...that have improved service and reduced costs

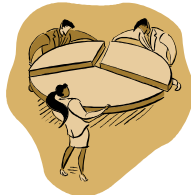
...which saved \$14K, or 50%, on certain supply costs

- Joined an educational partnership...



...which resulted in 80 – 90% savings on several staff trainings and cost reductions in other shared services

- Hired and shared special ed resources with 4 other districts, instead of contracting specialists...



...which reduced specialist costs by ~30%, while ensuring students get high-quality service

- Identified a “business / operational manager”



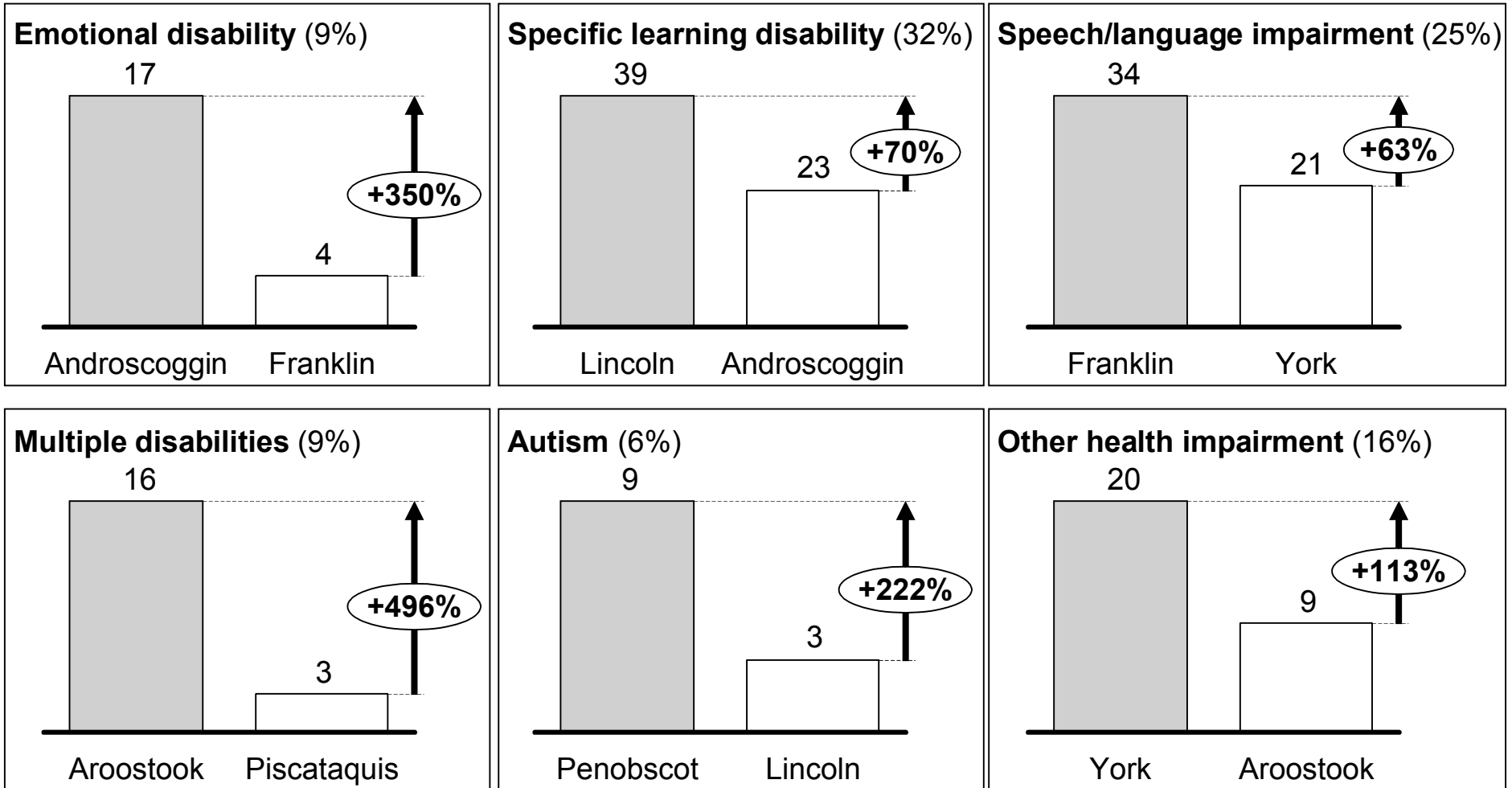
...which provided a qualified individual who can focus the district on operational efficiencies

**Hampden is also high-performing**

### 3 SIGNIFICANT SPECIAL ED DESIGNATION VARIABILITY BY COUNTY OFFERS AREA FOR IMPROVED, MORE CONSISTENT SERVICE

Students with specific disabilities (State average, percent)

Highest and lowest percent of county special ed population, 2007-08



# 4 DECENTRALIZED NEGOTIATION OF AND LITTLE TRANSPARENCY INTO TEACHER BENEFIT CONTRACTS OFFERS OPPORTUNITY FOR SAVINGS

Current situation	Potential actions
<ul style="list-style-type: none"><li>• <b>K-12 schools paid ~\$237 million in teacher benefits in 2004-05</b><ul style="list-style-type: none"><li>– This does <u>not</u> include an additional \$182 million paid to State Retirement Fund</li></ul></li><li>• Health benefit contracts currently <b>negotiated by individual teachers' unions with very little transparency</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Increased transparency:</b> State and school districts need to be aware of teacher health costs and benefit packages</li><li>• <b>Consolidated negotiation:</b> School districts should work together to increase negotiating leverage<ul style="list-style-type: none"><li>– In addition, state must investigate savings from negotiating state employee, municipal employee, and university employee health benefits together with teacher benefits</li></ul></li><li>• <b>Tiered service providers:</b> Encourage employees to use preferred service providers by using incentives</li><li>• <b>Incentives for preventative care:</b> Assess cost savings from creating incentives for employees to take preventative care</li></ul>

**Taking these steps should reduce costs by 2-10%, based private and public sector experience**